

MONTANA LEGISLATIVE HISTORY

Chapter 578 19 81

Bill H _____ S 126

Original bill & history ☒ c

H. Committee on Taxation

Hearing Date(s) 4/7 x c

4/11 x c

_____ c

_____ c

Date Out _____ c

S. Committee on TAXATION

Hearing Date(s) 1/25 x c

3/21 x c

_____ c

_____ c

Did this bill originate in an interim committee? ☐ Yes ☐ No

Committee _____

Report _____

CONTENTS

XXXV

Chap. Num.	Senate Bill	House Bill	Title
			the full faith and credit and taxing power of the state shall be pledged for the payment of all notes; and providing that the act is effective on passage by a two-thirds vote of the members of each house of the Legislature and approval by the Governor; amending sections 17-1-202 and 17-1-204, MCA.Page 1303
578	126		An act specifying the basis for assessing agricultural machinery, trucks, and other motor vehicles; amending sections 15-1-101 and 15-8-111, MCA.Page 1304
579	129		An act regulating conversions of group life insurance and group disability insurance and providing for continuation of group coverage under certain circumstances; amending sections 33-20-1209 and 33-20-1210, MCA; and providing an effective date.Page 1306
580	240		An act to establish standards for the collection, use, and disclosure of information gathered in connection with insurance transactions by insurance institutions, agents, or insurance-support organizations; to provide a procedure for access by private persons to information gathered about them for the purpose of verifying or disputing its accuracy; to limit the disclosure of information collected in connection with insurance transactions; to give the commissioner of insurance the power to investigate and issue cease and desist orders for violations of this act; to provide for equitable relief in the district court and for a penalty.Page 1310
581	243		An act to delegate authority to the Department of Natural Resources and Conservation to authorize diversions from the Yellowstone River Basin under Article X of the Yellowstone River Compact, section 85-20-101, MCA, on behalf of the State of Montana; providing for legislative review; and providing an effective date.Page 1328
582	257		An act to increase the amount authorized for travel expenses and meal reimbursement for persons in state service; amending section 2-18-501, MCA.Page 1332
583	286		An act to generally revise the laws relating to the prisoner furlough program; redefining the program as the supervised release program; restricting the time qualification for prisoner eligibility; transferring the responsibility of establishing a program from the department to the prisoner; restricting the prisoner's rights under the hearing procedures used for admission into the program; transferring supervision of the prisoner from the sponsor to a probation and parole officer; streamlining the hearing procedures used for determining whether a violation of a program condition has occurred; amending sections 45-7-306, 45-9-101, 46-18-202, 46-18-401, 46-23-401, 46-23-405, 46-23-411, 46-23-412, 46-23-421, 46-23-422, and 46-23-426, MCA; and repealing sections 46-23-402 through 46-23-404, 46-23-406, 46-23-413 through 46-23-415, and 46-23-423 through 46-23-425, MCA.Page 1333
584	337		An act to provide property tax relief to certain homeowners and renters by means of a credit against individual income tax liability; providing penalties for fraudulent claims; and providing an effective date.Page 1338
585	460		An act to require the county assessor to release the rollback tax lien; amending section 15-7-209, MCA.Page 1341
586	485		An act to create a small claims court procedure within justices' courts; providing for jurisdiction of the small claims court, the method of commencing actions, hearings, counterclaims, subpoena powers, removal to justice's court, and appeals to district court; amending sections 3-10-1001, 3-10-1004, and 25-31-112, MCA; repealing Title 25, chapter 35, MCA; and providing an immediate effective date.Page 1342
587	487		An act to continue the coal tax oversight subcommittee of the revenue oversight committee for the biennium ending June 30, 1983; amending section 2, Chapter 619, Laws of 1979; and providing an immediate effective date.Page 1349
588	9		An act to make the law relating to good time allowance more restrictive; amending section 53-30-105, MCA.Page 1350
589	17		An act to provide that the same interest rate apply to overpayment refunds as to delinquent tax due for the income and corporation tax; to clarify the period during which refunds and credits may be granted; and to provide for extensions of the period by agreement; amending sections 15-30-149 and 15-31-531, MCA; and providing an immediate effective date and an applicability date.Page 1351
590	34		An act to revise the income limitations applicable to property tax exemption for 100 percent disabled veterans; amending section 15-6-211, MCA; and providing an applicability date.Page 1353
591	38		An act to amend section 2-4-307, MCA, relating to omissions from the Administrative Rules of Montana or the Montana Administrative Register.Page 1354
592	97		An act to clarify and revise the definitions and the procedures for refunding members' contributions and for payment of involuntary retirement allowances used in

Senate Page No. 40, 203, 205, **229**, 250, **259**, 1212, 1264, 1299, 1389.

House Page No. 433, 434, 1213, **1369**, **1436**.

- 125 Introduced by Dover, Galt, M. Anderson, Hager: A bill for an act entitled: "An act to increase the taxable valuation requirements for establishing a new elementary school district; amending section 20-6-216, MCA."

Senate Page No. 40, 180, 193, **214**, 219, **247**, 796, **878**, 881, 917, 1108, 1139, 1170, 1277, **1293**, **1346**, 1382, 1387, 1514.

House Page No. 418, 419, 1018, **1059**, **1130**, 1199, 1200, 1211, 1212, 1354, 1372, 1404, **1475**, **1548**, 1645.

- 126 Introduced by Severson, Himsl, McCallum, Boylan, Ochsner, Hager, J. O'Hara, Galt, Hafferman, Hazelbaker, Nelson, Aklestad, Graham, Dover, Conover, Manley, Story, Elliott, Keating, Kolstad: A bill for an act entitled: "An act specifying the basis for assessing agricultural machinery, automobiles, trucks, and other motor vehicles; amending sections 15-1-101 and 15-8-111, MCA."

Senate Page No. 40, 993, 1010, 1045, 1132, **1155**, **1185**, 1199, 1844, **1845**, **1847**, 1863, 1867.

House Page No. 1447, 1474, 1902, 1913, 2000, 2021, 2062, **2067**, 2152, **2208**, 2209, **2210**, 2213, **2234**.

- 127 Introduced by Norman, Conover, Smith, McCallum: A bill for an act entitled: "An act to clarify the role of the radiologic technologist in Montana; amending section 37-14-301, MCA."

Senate Page No. 40, 110, 119, **132**, 137, **147**, 796, **878**, **923**, 991, 1011, 1133.

House Page No. 276, 278, 1010, **1058**, **1130**, 1234.

- 128 Introduced by Norman, Elliott, (By Request of the Workers' Compensation Advisory Council): A bill for an act entitled: "An act requiring that a disability be supported by a preponderance of medical evidence; defining "impairment" and "disability"; amending section 39-71-116, MCA."

Senate Page No. 40, 119, 127, **140**, 146, **156**, 697, 713, 714, 725, 796.

House Page No. 297, 298, 650, 702, **967**, **988**.

- 129 Introduced by Turnage, Norman: A bill for an act entitled: "An act regulating conversions of group life insurance and group disability insurance and providing for continuation of group coverage under certain circumstances; amending sections 33-20-1209 and 33-20-1210, MCA; and providing an effective date."

Senate Page No. 40, 525, 576, 616, **653**, **655**, **666**, 1279, 1329, **1419**, 1434, 1478, 1516, 1808, **1833**, **1841**, 1844, 1863, 1867.

House Page No. 959, 962, 1376, **1477**, **1549**, 1910, 1915, 1929, 2205, 2206, **2209**, 2212, **2236**.

SENATE BILL NO. 126

11.

INTRODUCED BY SEVERSON, HIMSL, McCALLUM, BOYLAN, KOLSTAD,
GALT, ELLIOTT, KEATING, OCHSNER, HAGER, J. O'HARA,
13. HAFFERMAN, CONOVER, HAZELBAKER, NELSON, AKLESTAD,
GRAHAM, DOVER, MANLEY, STORY

IN THE SENATE

16.

January 14, 1981

Introduced and referred to
Committee on Taxation.

17.

Fiscal note requested.

20.

January 20, 1981

Fiscal note returned.

23, 1981

Committee recommend bill do
pass. Report adopted.

23.

On motion taken from Com-
mittee on Bills and Journal
and rereferred to Committee
on Taxation. Motion adopted.

25, 1981

Committee recommend bill do
pass. Report adopted.

Statement of intent attached.

26, 1981

Bill printed and placed on
members' desks.

27, 1981

Second reading, do pass.

28.

January 28, 1981

Correctly engrossed.

Third reading, passed.
Ayes, 47; Noes, 0.
Transmitted to House.

IN THE HOUSE

30, 1981

Introduced and referred to
Committee on Taxation.

LC 9657/01

April 11, 1981	Committee recommend bill be concurred in as amended. Report adopted.
April 13, 1981	Motion pass consideration until the 84th legislative day.
April 16, 1981	Second reading, pass consideration.
April 17, 1981	Second reading, pass consideration.
April 20, 1981	Second reading, pass consideration until the 89th legislative day.
April 22, 1981	Second reading, pass consideration.
April 23, 1981	Second reading, concurred in as amended. On motion rules suspended and bill placed on third reading this day. Third reading, concurred in as amended. Ayes, 87; Noes, 5.

IN THE SENATE

April 23, 1981	Returned from House with amendments. Second reading, amendments concurred in. Third reading, amendments concurred in. Ayes, 47; Noes, 2. Sent to enrolling. Reported correctly enrolled.
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Senate BILL NO. *126* *Elliot* *Station*
 INTRODUCED BY: *Sergeant* *Shinal* *McBride* *Boyer*
O'Connor *Hager* *J. O'Hara* *W. H. Haffner*
Nelson *AKA ESTAD* *Strickland* *Dan*
 A BILL FOR AN ACT ENTITLED: "AN ACT SPECIFYING THE BASIS *Conover*
 FOR ASSESSING AGRICULTURAL MACHINERY, AUTOMOBILES, TRUCKS *Story*
 AND OTHER MOTOR VEHICLES; AMENDING SECTIONS 15-1-101 AND
 15-8-111, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 15-1-101, MCA, is amended to read:

"15-1-101. Definitions. (1) When terms mentioned in this section are used in connection with taxation, they are defined in the following manner:

(a) The term "agricultural" refers to the raising of livestock, swine, poultry, field crops, fruit, and other animal and vegetable matter for food or fiber.

(b) The term "assessed value" means the value of property as defined in 15-8-111.

(c) The term "average wholesale value" means the value to a dealer prior to reconditioning and profit margin shown in national appraisal guides and manuals or the valuation schedules of the department of revenue.

(d) The term "credit" means solvent debts, secured or unsecured, owing to a person.

(e) The term "improvements" includes all buildings,

1 structures, fixtures, fences, and improvements situated
 2 upon, erected upon, or affixed to land. When the department
 3 of revenue or its agent determines that the permanency of
 4 location of a mobile home or housetrailer has been
 5 established, the mobile home or housetrailer is presumed to
 6 be an improvement to real property. If the mobile home or
 7 housetrailer is an improvement located on land not owned by
 8 the owner of such improvement, the improvement is assessed
 9 as a leasehold improvement to real property and delinquent
 10 taxes can be a lien only on the leasehold improvement.

(f) The term "mobile home" means forms of housing known as "trailers", "housetrailers", or "trailer coaches", exceeding 8 feet in width or 32 feet in length, designed to be moved from one place to another by an independent power connected to them.

(g) The term "personal property" includes everything that is the subject of ownership but that is not included within the meaning of the terms "real estate" and "improvements".

(h) The term "poultry" includes all chickens, turkeys, geese, ducks, and other birds raised in domestication to produce food or feathers.

(i) The term "property" includes moneys, credits, bonds, stocks, franchises, and all other matters and things, real, personal, and mixed, capable of private ownership.

This definition must not be construed to authorize the taxation of the stocks of any company or corporation when the property of such company or corporation represented by the stocks is within the state and has been taxed.

~~†††~~111 The term "real estate" includes:

(i) the possession of, claim to, ownership of, or right to the possession of land;

(ii) all mines, minerals, and quarries in and under the land subject to the provisions of 15-23-501 and 15-23-801; all timber belonging to individuals or corporations growing or being on the lands of the United States; and all rights and privileges appertaining thereto.

~~†††~~1k1 The term "taxable value" means the percentage of market or assessed value as provided for in 15-6-131 through 15-6-140.

(2) The phrase "municipal corporation" or "municipality" or "taxing unit" shall be deemed to include a county, city, incorporated town, township, school district, irrigation district, drainage district, or any person, persons, or organized body authorized by law to establish tax levies for the purpose of raising public revenue.

(3) The term "state board" or "board" when used without other qualification shall mean the state tax appeal board."

Section 2. Section 15-8-111, MCA, is amended to read:

"15-8-111. Assessment -- market value standard -- exceptions. (1) All taxable property must be assessed at 100% of its market value except as provided in subsection (5) of this section and in 15-7-111 through 15-7-114.

(2) (a) Market value is the value at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts.

~~(b) The market value of all automobiles, motor trucks, and other power-driven cars; agricultural tools, implements, and machinery; and vehicles of all kinds, including but not limited to motorcycles, aircraft, and boats and all watercraft, is the average wholesale value shown in national appraisal guides and manuals or the value of the vehicle before reconditioning and profit margin. The department of revenue shall prepare valuation schedules showing the average wholesale value when no national appraisal guide exists.~~

(3) The department of revenue or its agents may not adopt a lower or different standard of value from market value in making the official assessment and appraisal of the value of property in subsection (1)(a) of 15-6-131 and 15-6-134 through 15-6-140. For purposes of taxation, assessed value is the same as appraised value.

(4) The taxable value for all property in subsection

1 (1)(a) of 15-6-131 and classes four through ten [class
2 twenty, and class twenty-one] is the percentage of market
3 value established for each class of property in subsection
4 (2)(a) of 15-6-131 and 15-6-134 through 15-6-141 [and
5 15-6-121].

6 (5) The assessed value of properties in subsection
7 (1)(b) of 15-6-131, 15-6-132, and 15-6-133 is as follows:

8 (a) Properties in subsection (1)(b) of 15-6-131, under
9 class one, are assessed at 100% of the annual net proceeds
10 after deducting the expenses specified and allowed by
11 15-23-503.

12 (b) Properties in 15-6-132 under class two are
13 assessed at 100% of the annual gross proceeds.

14 (c) Properties in 15-6-133, under class three, are
15 assessed at 100% of the productive capacity of the lands
16 when valued for agricultural purposes. All lands that meet
17 the qualifications of 15-7-202 are valued as agricultural
18 lands for tax purposes.

19 (6) Land and the improvements thereon are separately
20 assessed when any of the following conditions occur:

21 (a) ownership of the improvements is different from
22 ownership of the land;

23 (b) the taxpayer makes a written request; or

24 (c) the land is outside an incorporated city or town.

25 (7) The taxable value of all property in subsection

1 (1)(b) of 15-6-131 and classes two and three is the
2 percentage of assessed value established in 15-6-131(2)(b),
3 15-6-132, and 15-6-133 [and 15-6-120] for each class of
4 property."

-End-

STATEMENT OF INTENT

SENATE BILL 126

Senate Taxation Committee

Section 2 of Senate Bill No. 126 requires that the Department of Revenue adopt rules to implement the provisions relating to "average wholesale value" contained in sections 1 and 2.

Since different national appraisal guides use various language to describe "average wholesale value" it is the intent of the Legislature that in preparing "average wholesale value" tables, in instructing departmental employees on the use of national appraisal guides and in establishing rules to govern the administration of sections 1 and 2, the following terms shall be used:

<u>National appraisal guide</u>	Column that denotes "average wholesale value" is marked
<u>Aircraft Blue Book</u> (Aircraft Dealers Assn., P.O. Box 621, Aurora, Colo.)	Approximate Wholesale
<u>National Automobile Dealers Association: Official Used Car Guide</u> (McLean, Va.: National Automobile Dealers Used Car Guide)	Average Trade-In
<u>Green Guide: The Handbook of New and Used Construction Equipment Values</u> (Palo Alto, California: Equipment Guidebook Company)	Wholesale

<u>Blue Book: Outboard Motor Trade-In Guide: Fresh Water and Salt Water</u> (Overland Park, Kansas: ABOS Marine Publications Division)	Estimated Current Value Less Repairs: High
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<u>Blue Book: Boat Trailer Trade-In Guide</u> (Overland Park, Kansas: ABOS Marine Publications Division)	Estimated Current Value Less Repairs: High
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<u>Blue Book: Outboard Boat Trade-In Guide</u> (Overland Park, Kansas: ABOS Marine Publications Division)	Estimated Current Value Less Repairs: High
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<u>Blue Book: Inboard/Outdrive Boat Trade-In Guide</u> (Overland Park, Kansas: ABOS Marine Publications Division)	Estimated Current Value Less Repairs: High
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<u>Motorcycle, Moped and Mini-Bike Trade-In Guide</u> (Overland Park, Kansas: ABOS Marine Publications Division)	Estimated Current Value Less Repairs: High
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<u>Official Guide: Tractors and Farm Equipment</u> (St. Louis, Mo. National Farm and Power Services, Inc.)	Average As Is
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<u>Truck Blue Book</u> (Chicago, Ill.: National Market Reports, Inc.)	Average Retail Value*
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It is the intent of the legislature that the department will use a factor of 80% of the "Average Retail Value" indicated in the Truck Blue Book cited above.

First adopted by the Senate Taxation Committee on the 23rd day of March 1981.

SENATE BILLS

COMMITTEE ON TAXATION

BILL NO.	ENTERED COMM.	DATE CONSIDERED	OUT OF COMM.	DO NOT PASS <u>DATE</u>	DO NOT PASS <u>DATE</u>	DO PASS AS AMEND. <u>DATE</u>	BE CON- CURRED IN <u>DATE</u>	BE CONC. IN AS AMENDED <u>DATE</u>	BE NOT CON- CURRED IN <u>DATE</u>
42	1-05-81	1-21-81				3-04-81			
44	1-05-81	3-23-81		3-23-81					
47	1-05-81	1-16-81		1-30-81					
53	1-05-81	1-14-81			2-19-81				
54	1-05-81	1-14-81				1-14-81			
55	1-05-81	1-14-81		1-14-81					
61	1-05-81	Withdrawn by author							
77	1-09-81	1-23-81				1-30-81			
85	1-12-81	1-21-81				2-11-81			
96	1-12-81	1-22-81				3-09-81			
98	1-12-81	1-23-81		2-09-81					
102	1-12-81	1-26-81				3-09-81			
107	1-12-81	1-22-81				2-19-81			
122	1-15-81	1-28-81				1-28-81			
126	1-15-81	1-26-81		3-21-81					
130	1-15-81	1-26-81	Tabled	3-25-81					

(Use Separate Sheet for Senate, House Bills, and Resolutions)

Page Two

Minutes of the Taxation Committee Meeting
January 26, 1981

group is against it is because it affects taxable valuation.

Senator Elliott mentioned a bill he has introduced dealing with status of inventory and said that bill would eliminate all business inventories from taxation and would include this bill.

Hearing was closed on Senate Bill 130.

CONSIDERATION OF SENATE BILL 102: Senator Hims1 presented this bill, attachment #2, which is for an act to provide a graduated tax on property for certain low income and elderly persons and to adjust upward certain income qualifications for assessment of property tax. He asked Dennis Burr to comment on any fiscal ramifications.

Mr. Burr said the fiscal note places a price on this bill of 9 1/2 million dollars and he didn't think the revisions would make that amount of difference. He suggested asking for more information on the fiscal note.

PROPOSERS: Ed Sheehy, NARFE.

Questions from the committee revealed the fiscal note has a technical note asking for further definition of a person with dependent children.

Senator Hims1 said he felt young single or divorced people needed the tax break as much as the elderly. Ellen Feaver said she would check with her staff to see if there is further information the committee would need to consider this bill.

Hearing on Senate Bill 102 was closed.

CONSIDERATION OF SENATE BILL 126: Senator Severson explained this fee bill which deals with valuation used on all types of vehicles. Presently, we are being taxed on retail value and he said he would attempt to show that taxpayers should be taxed on wholesale value, which is retail less the profit margin and reconditioning costs. He said House Bill 70 determined that market value was to be used for taxation purposes. The Department of Revenue established that that was retail value. Senator Severson handed out information dealing with book values, attachment #1, suggesting the penned figures be used. Attachments 2-7 are supportive arguments for his bill.

PROPOSERS: James Mockler, Montana Coal Board. He said he would like to propose an amendment to this bill and submitted it, attachment #8.

Ken Hoovestol, Montana Snowmobile Association and Montana Marine Trade Association suggested that we retain the word "watercraft" in the proposed amendment.

Page Three
Minutes of the Taxation Committee Meeting
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Larry Huss, Montana Contractor's Association and Montana Taxpayers Association, felt wholesale valuation was fair.

Jerry Raunig, Montana Auto Dealer's Association, attachment #9.

Ben Havdahl, Montana Motor Carriers Association, said it is very difficult to come up with a blue book on large over-the-road trucks, but felt the average 80% percent in the bill is reasonable.

Avis Ann Tobin, Montana Hardware and Implement Association.

Jim Manion, Montana Automobile Association, said his membership supports a flat fee system for vehicles.

Slim Slattery, former bureau chief of the personal property division, DOR, said he came at the request of Senator Severson and felt rules would have to be changed or amended as the administrative process is hard to handle by county assessors. He said House Bill 70 caused the problem that all property must be taxed at fair market value.

Terry Murphy, Montana Farmer's Union, said he was concerned with the bill as it affects farmers and property.

Alice Fryslie, Montana National Farmers Organization and Montana Cattleman's Association.

OPPONENTS: Mike Stephen, Montana Association of Counties, said that while only a small amount of money was involved, it still has an effect on local government.

Senator Severson closed by saying that page 4, section 2, line 5, lists what the present law is and said we're looking at a difference of opinion as to what value is.

Hearing was closed on Senate Bill 126.

RE-CONSIDERATION OF SENATE BILL 77: Senator Towe proposed two amendments to this bill. Because time was running short, it was decided to go over the amendment language at another time.

The meeting was adjourned.


PAT M. GOODOVER, CHAIRMAN

ROLL CALL

TAXATION

COMMITTEE

47th LEGISLATIVE SESSION - - 1981

Date 4/26/81

NAME	PRESENT	ABSENT	EXCUSED
Goodover, Pat M., Chairman	✓		
McCallum, George, Vice	✓		
Brown, Bob	✓		
Brown, Steve	✓		
Crippen, Bruce D.	✓		
Eck, Dorothy	✓		
Elliott, Roger H.	✓		
Hager, Tom	✓		
Healy, John E. "Jack"	✓		
Manley, John E.	✓		
Norman, Bill	✓		
Ochsner, J. Donald	✓		
Severson, Elmer D.	✓		
Towe, Thomas E.	✓		

Each day attach to minutes.

DATE

Jan. 26, 1981

COMMITTEE ON

Taxation

VISITORS' REGISTER

NAME	REPRESENTING	Senate BILLS #	Check One			
			Support		Oppos	
			102	126	102	126
ED SHERNY	RETIRED FARM EMPLOYEES		☒			
James O. Mockler	Mont. Coal Council			☒		
Jim MANION	MONT. AUTO ASSOCIATION			☒		
JERRY RAUNIG	MONT. Auto DEALERS ASSOC			☒		
LARRY HUGH	Mont Contractor Assoc			☒		
	MONTANA					
Dennis Lopez	Montana Taxpayers			☒		
Ben Hardahl	MONT. MTR Carriers Assn			☒		
Quia Ann Tobin	Mont Alder Imp Co			☒		
Therese Swanson	Glasgow Imp Dealer			☒		
Ch. Brunner	W. I. F. E.					
Pat Blumenthal	MT. FARM BARN					
Clark Pyke	Mont C of Commerce					
Ken Hoodless	MT. Smokestack Area.			☒		
Greg Johnson	Gt Falls			☒		
John G. Gifford	Gt. Falls			☒		
James Johnson	Gt Falls			☒		
Alice Fyler	MT. N. F. O.			☒		
A. B. Starnes	Helena - MT. Cattlemen			☒		
Mike Stephen	Helena.			☒		
	MALD					

(Please leave prepared statement with Secretary)

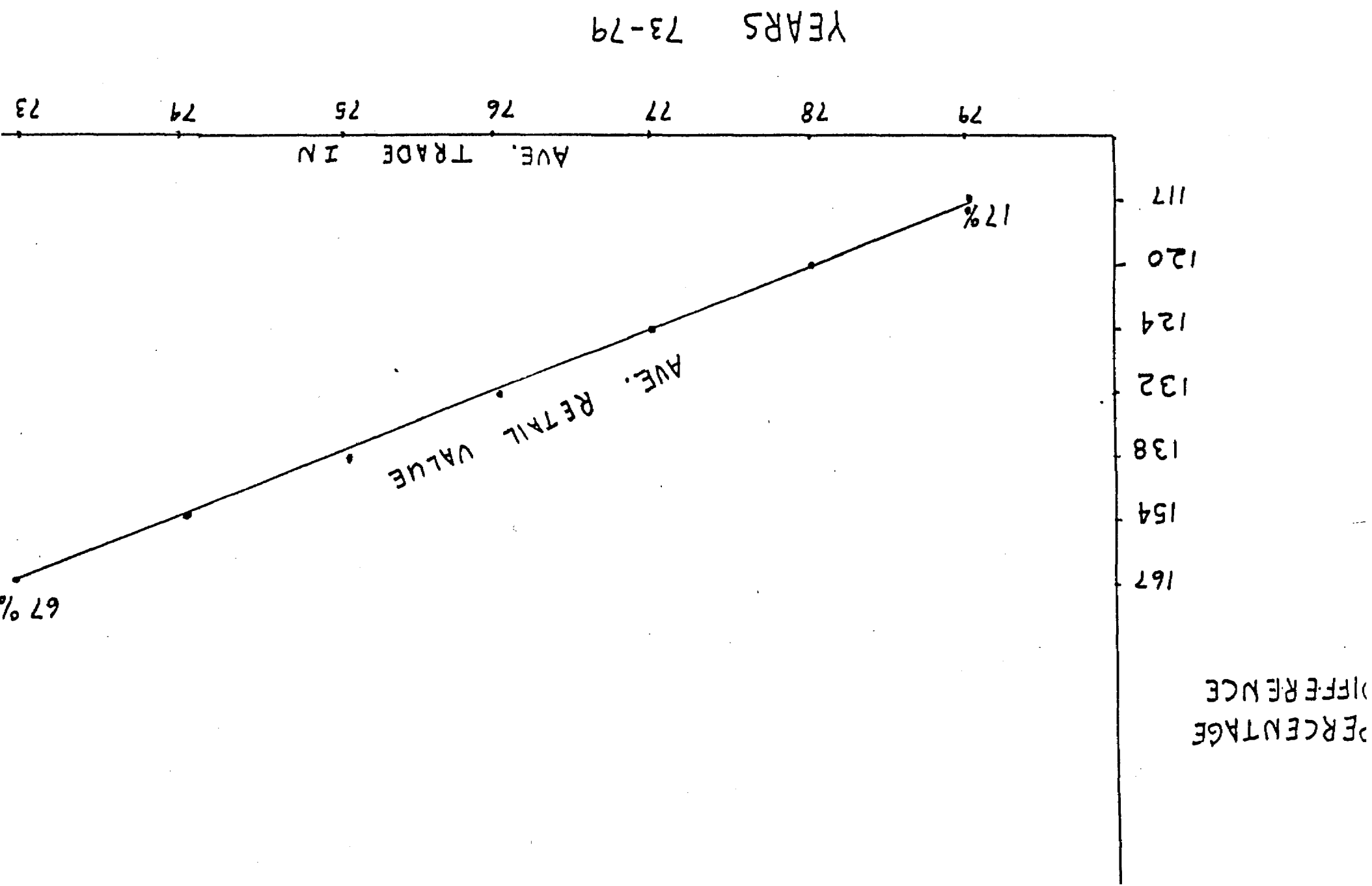
FORD F 250	79	78	77	76	75	74	73
Resale value	5100	4100	3700	2975	2675	2100	1725
Taxable value	663	533	481	387	348	273	224
Tax mils (.250)	166	133	120	97	87	68	56
Ave. trade in	4300	3350	2975	2325	2050	1525	1175
Taxable value	559	435	387	302	266	198	153
Tax mils (.250)	140	109	97	76	67	49	38

Percentage
Difference

119	122	124	128	130	138	147
84%	81%	80%	78%	76%	72%	68%

Chevy Impala	79	78	77	76	75	74	73
Resale value	5125	4150	3275	2350	1900	1425	1125
Taxable value	744	539	426	305	247	185	146
Tax 250 mls	186	135	106	76	62	46	37
Ave. Trade in	4375	3450	2650	1775	1375	925	675
Taxable value	569	448	344	231	179	120	88
Tax .250 mls	142	112	86	58	45	30	22

Percentage Difference	117	120	124	132	138	154	167
	85%	83%	81%	75%	72%	65%	60%



Model 621 Series B
Caterpillar

	78	77	76	75	74	73
Resale Value	155,000	135,000	117,500	102,500	87,500	71,000
Taxable Value (11%)	17,050	14,850	12,925	11,275	9,625	7,810
Tax Mil (.250)	4,262	3,712	3,231	2,819	2,406	1,953
Ave. trade in	107,500	90,000	77,500	65,000	54,000	43,000
Taxable Value (11%)	11,825	9,900	8,525	7,150	5,940	4,730
Tax Mil (.250)	2,956	2,475	2,131	1,787	1,485	1,183
Percentage Difference	144	150	152	158	162	165
	69%	66%	66%	63%	62%	60%

SUMMARY OF REVIEW SHOWING PERCENTAGE OF WHOLESALE
VALUE TO RETAIL OR RESALE VALUE

Farm Equipment	80%
Boats	75%
Motorcycles	73%
Construction Equip.	69% to 60%
Pickups	84% to 68%
Cars	85% to 60%

STATEMENT OF INTENT

Section 2 of Senate Bill No. 126 requires that the Department of Revenue adopt rules to implement the provisions relating to "average wholesale value" contained in sections 1 and 2.

Since different national appraisal guides use various language to describe "average wholesale value" it is the intent of the Legislature that in preparing "average wholesale value" tables, in instructing departmental employees on the use of national appraisal guides and in establishing rules to govern the administration of sections 1 and 2, the following terms shall be used:

<u>National appraisal guide</u>	<u>Column that denotes "average wholesale value" is marked</u>
---------------------------------	--

National Automobile Dealers Association: Official Used Car Guide (McLean, Va: National Automobile Dealers Used Car Guide)

Av'g Trd-In

Green Guide: The Handbook of New and Used Construction Equipment Values (Palo Alto, California: Equipment Guide-Book Company)

Whsle.

Blue Book: Outboard Motor Trade-In Guide; Fresh Water and Salt Water (Overland Park, Kansas: ABOS Marine Publications Division)

Estimated Current Value
Less Repairs: High

Blue Book: Boat Trailer Trade-In Guide (Overland Park, Kansas: ABOS Marine Publications Division)

Estimated Current Value
Less Repairs: High

Blue Book: Outboard Boat Trade-In Guide (Overland Park, Kansas: ABOS Marine Publications Division)

Estimated Current Value
Less Repairs: High

Blue Book: Inboard/Outdrive Boat Trade-In Guide (Overland Park, Kansas: ABOS Marine Publications Division)

Estimated Current Value
Less Repairs: High

Motorcycle, Moped and Mini-Bike Trade-In Guide (Overland Park, Kansas: ABOS Marine Publications Division)

Estimated Current Value
Less Repairs: High

Official Guide: Tractors and
Farm Equipment (St. Louis, Mo.
National Farm and Power Services,
Inc.)

Av'g As Is

Truck Blue Book (Chicago, Ill:
National Market Reports, Inc.)

Avg Retail Value*

* It is the intent of the Legislature that the department will use
a factor of 80% of the "Avg Retail Value" indicated in the
Truck Blue Book cited above.

COUNTY FISCAL IMPACT OF SB 126
(Tax Year 1980 Data)

Attachment #9
SB 126

COUNTIES	TAXABLE VALUE OF THIS PROPERTY 1	20% DECREASE IN TAXABLE VALUE 2	AVG. LEVY IN MILLS FOR COUNTY & SCHOOLS	ESTIMATED REVENUE CURRENT TAXABLE VALUE	ESTIMATED REVENUE 20% DECREASE IN TAXABLE VALUE	ESTIMATED REVENUE LOSS 3
Beaverhead	\$ 2,532,002	\$ 2,025,602	184	\$ 465,888	\$ 372,711	\$ 93,177
Big Horn	6,519,273	5,215,418	88	573,696	458,957	114,739
Blaine	3,113,898	2,491,118	130	404,807	323,845	80,962
Broadwater	1,518,834	1,215,067	176	267,315	213,852	53,463
Carbon	2,922,639	2,338,111	166	485,158	388,126	97,032
Carter	1,764,395	1,411,516	194	342,293	273,834	68,459
Cascade	11,286,247	9,028,998	236	2,663,554	2,130,844	532,710
Chouteau	6,734,330	5,387,464	158	1,064,024	851,219	212,805
Custer	3,660,690	2,928,552	253	926,155	740,924	185,231
Daniels	2,450,340	1,960,272	206	504,770	403,816	100,954
Dawson	4,264,886	3,411,909	232	989,454	791,563	197,891
Deer Lodge	1,431,165	1,144,932	277	396,433	317,146	79,287
Fallon	2,006,990	1,605,592	106	212,741	170,193	42,548
Fergus	5,102,637	4,082,110	205	1,046,041	836,833	209,208
Flathead	4,476,069	3,580,855	235	1,051,876	841,501	210,375
Flatland	10,493,861	8,395,089	232	2,434,576	1,947,661	486,915
Garfield	1,566,150	1,252,920	176	275,642	220,514	55,128
Glacier	2,583,623	2,066,898	147	379,793	303,834	75,959
Golden Valley	805,085	644,068	169	136,059	108,848	27,211
Granite	824,361	659,489	196	161,575	129,260	32,315
Hill	6,804,135	5,443,308	188	1,279,177	1,023,342	255,835
Jefferson	1,309,015	1,047,212	231	302,383	241,906	60,477
Judith Basin	1,887,989	1,510,391	188	354,942	283,953	70,989
Lake	3,626,757	2,901,406	192	696,337	557,070	139,267
Lewis & Clark	9,431,302	7,545,042	269	2,537,020	2,029,616	507,404
Liberty	2,491,625	1,993,300	152	378,727	302,982	75,745
Lincoln	4,381,053	3,504,842	201	880,592	704,473	176,119
Madison	2,296,579	1,837,263	172	395,012	316,009	79,003
McCone	2,999,734	2,399,787	184	551,951	441,561	110,390
Meagher	864,482	691,586	193	166,845	133,476	33,369
Mineral	420,176	336,141	283	118,910	95,128	23,782
Missoula	14,338,489	11,470,791	261	3,742,346	2,993,876	748,470
Musselshell	1,267,158	1,013,726	134	169,799	135,839	33,960
Park	2,724,022	2,179,218	201	547,528	438,023	109,505
Petroleum	567,178	453,742	122	69,196	55,357	13,839
Phillips	2,617,573	2,094,058	140	366,460	293,168	73,292
Pondera	3,632,873	2,906,298	179	650,284	520,227	130,057
Powder River	2,170,267	1,736,214	94	204,005	163,204	40,801
Powell	1,580,817	1,264,654	196	309,840	247,872	61,968
Prairie	1,135,990	908,792	185	210,158	168,127	42,031
Qualli	6,245,945	4,996,756	190	1,186,730	949,384	237,346
Richland	7,248,565	5,798,852	128	927,816	742,253	185,563
Roosevelt	3,947,436	3,157,949	185	730,276	584,221	146,055
Rosebud	3,116,746	2,493,397	95	296,091	236,873	59,218
Sanders	1,667,218	1,333,774	201	335,111	268,089	67,022
Sheridan	4,184,818	3,347,854	113	472,884	378,308	94,576
Silver Bow	9,658,020	7,726,416	259	2,501,427	2,001,142	500,285
Stillwater	2,222,551	1,784,411	127	417,113	333,682	83,431

leton						
Toole	3,758,091	3,006,473	138	518,617	414,895	25,238
Treasure	764,782	611,826	165	126,189	100,951	200,895
Valley	4,899,880	3,919,904	205	1,004,475	803,580	37,121
Wheatland	888,072	710,458	209	185,607	148,486	35,238
Wibaux	1,324,735	1,059,788	133	176,190	140,952	790,737
Yellowstone	19,099,921	15,279,937	207	3,953,684	3,162,947	

FOOTNOTES

1. The actual decreases vary from 20% to 50%, so the 20% decrease is a lower bound estimate of the decrease in taxable valuation.
2. This average levy applies only to county and school levies. City and town levies are not included, thus the revenue estimates are probably undervalued.
3. The estimated revenue loss would be larger if city and town levies could be added to the average levy.

Amendments to SB 126

Page 4: line 9, delete "automobiles, motor"

Page 4: line 10, delete the line through "agricultural"

Page 4: line 12, delete entire line

Page 4: line 13, delete "boats"

Paragraph (b) would then read:

(b) The market value of all tools, implements, machinery, vehicles of all kinds, and all watercraft is the average wholesale value shown in national appraisal guides and manuals or the value of the vehicle before reconditioning and profit margin. The department of revenue shall prepare valuation schedules showing the average wholesale value when no national appraisal guide exists.

WITNESS STATEMENT

Name JERRY RANNIG Date 1-26-81
 Address HEBENA Support ? X
 Representing MT. Auto Dealers Assoc Oppose ?
 Which Bill ? SB 126 and SB 213 Amend ?

Comments:
 WE support the concept of a uniform fee system but not the schedule of fees as outlined in SB 213. These fees as listed in SB 213 would generate far more revenue than our present system and many people would pay more than they are now depending upon the age of their vehicle(s).



Please leave prepared statement with the committee secretary.

MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

March 21, 1981

The 53rd meeting of the committee, executive session, was called to order at 7:30 a.m., in Room 415 of the State Capitol Building, Chairman Pat Goodover presiding.

ROLL CALL: All members present, although Senator Towe arrived late. This is mentioned because the first two votes will show Senator Towe as not voting.

DISPOSITION OF SENATE BILL 126:

Senator Severson made a motion that the bill DO PASS. He handed out an Attachment, #1, explaining how all the fee system bills under consideration worked. He thought his was the best because it affects every county the same, is in the neighborhood of 25%, and is uniform. It doesn't have the inequity of larger cities paying less and smaller counties paying more.

GOODOVER: Where do we make up the monies to the counties?

SEVERSON: I don't figure on making it up and am not a proponent of revenue sharing.

McCALLUM: You are saying that the revenue the counties need will be shifted from the vehicle to another area?

SEVERSON: Any time you lower one class for either equity or just desire purposes you will create a shift. Then if the counties have to increase mill levies to bring in the same amount of revenue, it takes money from the ones getting the break.

McCALLUM: Many people are only paying taxes on a vehicle.

SEVERSON: I have heard that argument, and I think that is wrong again.

S. BROWN: It is my understanding that this isn't the final step. We have agreed to pass Elmer's bill so that it can get out on the floor. The summit wanted this bill and some others for purposes of discussion.

Senator Severson's motion was voted on and passed by a 12-1 margin.

DISPOSITION OF SENATE BILL 150:

The tax credit was amended to 40% instead of the full amount.

Senator Elliott made a motion that SB 150 be given a DO NOT PASS. Reasons: 1) 20% in relation to federal return is fair, 2) tax

ROLL CALLTAXATION

COMMITTEE

47th LEGISLATIVE SESSION - - 1981

Date Mar. 21, 1981

NAME	PRESENT	ABSENT	EXCUSED
Goodover, Pat M., Chairman	✓		
McCallum, George, Vice	✓		
Brown, Bob	✓		
Brown, Steve	✓		
Crippen, Bruce D.	✓		
Eck, Dorothy	✓		
Elliott, Roger H.	✓		
Hager, Tom	✓		
Healy, John E. "Jack"	✓		
Manley, John E.	✓		
Norman, Bill	✓		
Ochsner, J. Donald	✓		
Severson, Elmer D.	✓		
Towe, Thomas E.	(late) ✓	✓	

Each day attach to minutes.

RETAIL VALUE	AD VALOREM	SB 126	SB 252	HB 428	SB 355	
	TAX ON RETAIL VALUE 230 MILLS	AD VALOREM TAX ON WHOLESALE VALUE 230 MILLS			GOVERNOR'S BILL OVER 2850#	UNDER 2850#
\$10,000	358	299	250	280	1980 65	1980 45
\$ 9,500	341	284	225	266	1979 65	1979 45
\$ 8,500	304	254	200	238	1978 65	1978 45
\$ 7,500	269	224	175	210	1977 65	1977 45
\$ 6,500	242	194	150	170	1976 25	1976 20
\$ 5,500	205	164	125	145	25	20
\$ 4,500	165	135	100	111	25	20
\$ 3,500	136	105	75	86	25	20
\$ 2,500	101	75	50	62	25	20
\$ 1,500	61	45	25	36	25	20
\$ 1,000	30	22	15	23	25	20
\$ 850	25	16	15	20	25	20
\$ 750	22	14	15	20	25	20
\$ 500	15	9	15	20	25	20
\$ 250	7.50	4.50	15	20	25	20
\$ 150	4.50	3.00	15	20	25	20
\$ 75	2.25	1.50	15	20	25	20

TO ALL THESE FIGURES ADD \$12.00 REGISTRATION FEE, \$10.00 TO COUNTY
\$2.00 TO STATE

+ 50¢ to \$2.00 JUNK VEHICLE FEE GOES TO COUNTY

+ \$7.50 GROSS VEHICLE TAX ON PICKUPS GOES TO STATE

WE HAVE A \$10.00 COUNTY FEE NOW

SENATE COMMITTEE TAXATION

Date Mar. 21, 1981 Senate Bill No. 126 Time 7:54 a.m.

NAME	YES	NO
SEN. McCALLUM (Vice-Chairman)		✓
SEN. BOB BROWN	✓	
SEN. STEVE BROWN	✓	
SEN. CRIPPEN	✓	
SEN. ECK	✓	
SEN. ELLIOTT	✓	
SEN. HAGER	✓	
SEN. HEALY	✓	
SEN. MANLEY	✓	
SEN. NORMAN	✓	
SEN. OCHSNER	✓	
SEN. SEVERSON	✓	
SEN. TOWE	absent	
SEN. GOODOVER (CHAIRMAN)	✓	

12 - 1

Betty Dean

Secretary

Motion: That SB 126 be given a DO PASS.

Pat M. Goodover

Chairman

(include enough information on motion--put with yellow copy of committee report.)

STANDING COMMITTEE REPORT

March 21 19 81

PRESIDENT:
MR.

We, your committee on TAXATION

having had under consideration Senate Bill No. 126

Respectfully report as follows: That Senate Bill No. 126

Sc
DO PASS

47th Legislature

TAXATION HEARINGS

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
			1 EXECUTIVE SESSION	2 EXECUTIVE SESSION	3 EXECUTIVE SESSION	
	6 SJR 26 SB 484	7 SB's 126, 252, 466, 337, 150	8 EXECUTIVE SESSION <i>HB 870 de pass (No Hearing)</i>	9 SB's 200, 460, 355, 356	10 SB's 44, 283	
	13 SB's 344, 356 SJR 23	14 EXECUTIVE SESSION	15 EXECUTIVE SESSION	16 JOINT TAXATION & LOCAL GOV'T	17 SJR 23	
	20	21	22	23	24	

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MAY 19 1981

OF MONTANA

47TH LEGISLATIVE SESSION

HOUSE TAXATION COMMITTEE

COMMITTEE MEMBERS

REPRESENTATIVE KEN NORDTVEDT, Chairman

REPRESENTATIVE BOB SIVERTSEN, Vice Chairman

Tom Asay
Verner Bertelsen
Joe Brand
Jim Burnett
Gerry Devlin
Bob Dozier
John Harp
Dan Harrington
Marjorie Hart

Ted Neuman
Danny Oberg
Audrey Roth
Dean Switzer
Mel Underdal
Orren Vinger
Mel Williams
Carl Zabrocki

Staff Attorney
Jim Oppedahl

Committee Secretary
Debbie Andrus

Assistant Secretary
Eva May Wirth

Rep. Asay wanted to know if there would be any difficulty in determining the different classes, and Sen. Goodover referred him to the handout. The manufacturer breaks them down in the Blue book. Mr. Raunig added that all vehicles were classed from the date of manufacture.

Rep. Nordtvedt wanted to know how the revenue would be split up among the various funds, and Sen. Goodover said it would be based upon a County's population. The money raised in an area from the fee would go back to the County where the car was registered. Rep. Nordtvedt submitted that an amendment was needed to take the Statewide mills into consideration. A section describing how the money would be disbursed was also needed, in his opinion. Sen. Goodover agreed that this would have to be addressed.

It was confirmed that the bill wouldn't affect the new car tax.

Discussion took place regarding the percentage of the addition that the Senate made. The Governor wanted 5%, but 1% would be sufficient.

John Clark, Dept. of Revenue, pointed out that the bill had been substantially amended and no new Fiscal Note had been drawn up.

Sen. Goodover then closed. The people want a fee system of some sort, to save money on automobiles, and to save time standing in line. This would be a simple way of handling a licensing program, with less impact than the Governor's proposal. He submitted that if a fee system wasn't adopted, the Governor would go the initiative route in the fall of 1981.

SENATE BILL 126, sponsored by Sen. Elmer Severson, was then heard; see written testimony Exhibit "C." This is not a fee bill and has no intention of being one. The bill mandates that the Dept. of Revenue use wholesale value as the market value. He submitted that the handout shouldn't include SB 252, because since the handout was made, the bill had been amended.

All uniform fee or tax bills do, is: (1) the new car pays less and the old car pays more; (2) the big car pays less and the small car pays more, and (3) the taxpayer in the high mill levy County pays less but also that County gets less. This bill doesn't only cover cars and pickups, it covers big trucks, agricultural equipment, etc.; every place the Dept. is using industry-made books. This bill addresses the argument that people are being taxed on the wrong value. He didn't think that the people were clamoring for a fee bill; more than that,

they were in favor of a fair, equitable bill. He referred the Committee to a chart which was also distributed; see Exhibit "D." Markup is greater, percentage-wise, the older the car gets, under the present system. Escalating values and increased mill levies is why car taxes don't go down like they should when the car gets older. This is the only bill that gives everyone a tax break. It gives an even percentage break all the way down to the bottom.

Larry Huss, Montana Taxpayers Association and Montana Contractors Association, rose in support of the bill. This bill is the other shoe to the problem. It is a return to what has been traditional done in the State.

The standard for the valuation of property has always been full market value and this was incorporated statutorily in 1977. No change has occurred that would justify the bureaucratic change from wholesale to retail. There is no fiscal impact to the Counties because they got a windfall they didn't deserve a period of time ago. All that is being done is that the windfall will be stripped away.

In every instance there is a guide than can give data regarding the valuation of the equipment and vehicles based both on a wholesale and a retail guide. He urged adoption of the bill as the other shoe to the problem that was confronted in SJR 26.

Mons Tiegen, Montana Stockgrowers, Woolgrowers, and the Montana Cowbells, rose in support of the bill. While their people are not universally behind a fee bill, they are universally behind this approach.

Gerry Raunig, Montana Automobile Dealers Association, rose in support of the bill, as did Avis Ann Tobin, Montana Hardware and Farm Equipment Dealers.

Slim Slattery, a registered lobbyist and retired and former Dept of Revenue employee, then spoke. He has had as much controversy on using retail value as anything else. When he worked at the Dept., the methods used in creating retail value on older cars caused a problem. If the same tax is going to be brought back to the jurisdiction, the percentage will have to be raised more than the bill provides for. Otherwise, the increase will be passed on through increased property taxes.

Many people have complained to the Lewis and Clark Tax Appeals Board that the value on their car was too high. The amount the people appeal to is the average trade-in value. What is being talked about is the average car, not the expensive one.

He submitted that there were more hearings on heavy equipment taxes at the State Tax Appeals Board than on cars. He said that this kind of equipment deteriorated faster than cars and submitted that the books didn't give an accurate value; they didn't depreciate enough. He felt that in the green guide area, the percentage from wholesale to retail was excessive. He submitted that some areas were more accurate than if this bill was passed.

Mike Stephen, Association of Counties, then rose in OPPOSITION to the bill. He commended Sen. Severson's efforts to gain equity. Presently the Assoc. of Counties didn't see a single bill which would increase taxable valuation. At issue philosophically is what should be included in the property tax base. There is an effort to continue to include vehicles, but at the expense of a reduction local governments can't afford. The taxpayer is being pacified with this reduction, but his property taxes will be going up.

Jack Gribble, Dept. of Revenue, then rose to make comments. (1) Regarding the statutory mandate that the Dept. of Revenue define and ascertain market value, a bill saying that they use wholesale value would cause them a problem. (2) The underlined portion of P. 4 of the bill doesn't include any mention of the blue book for boat trailers, which are mentioned in the Statement of Intent. From their perspective, maybe this language should be included in the bill itself, also. (3) The Statement of Intent implied that the Dept. be restricted to the guides mentioned in it, and possibly there would be more appropriate data which would become available. (4) Passage of this bill would further erode the tax base of the local governments. The percentages used to determine taxable value have not been altered.

Questions were then asked. Rep. Devlin asked John Clark when the change from wholesale to retail took place, and he said the 1977 Legislative session changed the perspective of the property tax system extensively. That session tried to jump from market to taxable value and reset all the percentages. The information given to the Legislature at that time was that the Dept. also use the blue book high book value and the Legislature set the percentage in the classification scheme for automobiles, etc., at 13%, where it probably should have been set higher, and the lower book value could have been used then.

Sen. Severson explained that 13% was come up with because vehicles were valued on 66% of value plus 20%, and this ended up with 13%. Some of the other vehicles, trucks for instance, don't have a

wholesale value in the books so the Dept. determined an 80% factor and the 20% of the 80% put trucks at 16%, and that is how these values came about.

Rep. Devlin submitted that, therefore, the Dept. said they would be using the high retail book. Sen. Severson said that HB 70 mandated that they do this. The Dept. determined that the Legislature meant high book value, which they didn't mean at all. This bill will put it back on wholesale value.

Rep. Roth asked Mr. Huss for his comments. He said Sen. Severson was correct, but the Legislature didn't realize the figures presented to them were based on retail values in 1977. It wasn't the intention of the Legislature to go to retail and there was nothing in the legislation that said the Dept. would have to go to this. It was an assumption of the Dept. that they would go to retail in an effort to avoid any losses in revenue to local governments. The adjustment figures were called equalization factors and weren't found anywhere in the law. They were created by the Dept. of Revenue and varied from year to year at their whim and caprice. The purpose of the bill in 1977 was to limit the ability of the Dept. to set this arbitrary factor and they eliminated this and took only one percentage factor and went from full market to taxable value. All the statutory percentages were cut by a uniform adjustment that was the last year's arbitrary factor that the Dept. of Revenue had stuck in.

The real purpose of HB 70 was to get away from the utilization of arbitrary values; it wasn't to go to retail values. Nothing in the language of that bill authorized the Dept. of Revenue to go to retail value and the Legislature wasn't cognizant that it was the intent of the Dept. of Revenue to go to it. When the Dept. took this action, it took a lot of people by surprise and many people have objected.

Rep. Sivertsen submitted that there were as many philosophies on what took place as there were people in the room. He asked for an explanation from John Clark of what took place when retail value was adopted, and submitted that at that time the Dept. was going on the assessed value, and taxable assessed was 66 2/3%. When full market value was adopted, the change should have been made from retail back down to wholesale.

Mr. Clark said that from the Dept.'s perspective, what they saw in 1977 was the intent of the Legislature not to alter the tax base, either. Therefore, in order to go to market value, they used the backwards step and inflated things back up to the retail value.

Sen. Severson then commented. The Statement of Intent makes it clear as to what value should be used now, and there should be

no question regarding what value is being talked about like there was in 1977. He didn't think the Dept. would be precluded from changing to different books if they found better ones. He submitted that many times the retail value wasn't clear in these books because the books were designed not for taxing purposes but for selling purposes.

Rep. Bertelsen wanted Rep. Williams' impression about what the intent of the Legislature was in 1977 that there be no significant change in the Counties' tax revenues. Rep. Williams said that HB 70 made those adjustments from retail or actual true value to a direct percentage to apply to the property with the sole purpose and intent not to change the tax base. That left the Dept. of Revenue with the percentage applied with only one choice to use high book in order to retain the revenue level. In 1979 HB 213 consolidated 20 classes into 10; in order to maintain stability of the tax base, they had to leave the value at high book and use the 13%. If it would have been lowered, the percentage would have to have been raised.

Rep. Neuman asked Sen. Severson if it was his intent to replace the loss to local governments. He replied that he wasn't in favor of revenue sharing; however, this would be one of the easiest bills to handle it. Rep. Neuman wanted to know what he thought of the possibility of allowing the Counties to raise mill levies. Sen. Severson said that revenue wasn't being taken away from the Counties when a tax was adjusted for equity or desired purposes. If these bills lower the valuation of the Counties, there will be a shift but the Legislature is trying to tax based on value. He didn't think the Legislature needed to get into what the intent of HB 70 was, because this bill made the intent clear.

Sen. Severson then closed. This is an equity bill, it is a fair bill, and a tax reduction to every taxpayer in the State is given. The reason for the Statement of Intent is so there is no question with the Dept. of Revenue as to the value that is being talked about. Some people say there is a clamor for a fee bill; he submitted that there was a clamor for fairness. The hearing on SENATE BILL 126 was then closed.

SENATE BILL 150, sponsored by Sen. Allen Kolstad, was then heard. This bill would increase the small business capital investment tax credit to 40% of the federal level. In 1977 a bill was passed allowing 20% as a tax credit. At present, Montana has a 2% capital investment tax credit; in other words, 100% of the federal would have been 10%, but this amount was amended down to 40%, or 4%. It doesn't do the original goal, but it is a step in the right direction. It will encourage expansion of business operations which will lead to more jobs and more tax revenue. The small business capital investment tax credit is currently taken by 5,000 - 6,000 businesses in the State and it is estimated that there are about 14 big businesses in Montana,

BILL SB 126Date 7/7/81SPONSOR Sen. Theodore G. Jensen

NAME

RESIDENCE

REPRESENTING

SUPPORT

O

Mons. Teigen

Helena

MT Stockgrowers

X

JOHN CLARK

HELENA

MT DEPT OF REV

Chris A. Tobin

Helena

Mont Adm Impl

X

David F. Raving

Helena

mt Auto Dealers Assn

✓

LARRY HESS

HELENA

MT Cns. Assoc

✓

Ben Hovdahl

Helena

MT Motor Carriers Assn

✓

G. Y. Slattery

Helena

LECTAB

✓

M. J. Steph

Helena

MCA

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

The Senate Taxation Committee has several vehicle taxation bills that are under consideration. Senate Bill 213 by Senator Dover is a fee bill based on the ^{weight} ~~value~~ of the vehicle, with a \$250.00 fee for a 4500 # car or pickup going down by steps to \$50.00 for a car or pickup under ^{1000 #} ~~\$1,000.00~~ value.

SB 252 by Pat Goodover is a uniform tax bill based on the average trade-in value starting at \$375.00 for a \$15,000 and above value reducing by steps down to \$15.00 for a car or pickup with value of \$1,000 or less.

SB 355 by Senator Blaylock, commonly known as the Governor bill is a fee bill with a car over 2850 # at the rate of \$65.00 for cars and pickups up to and including 4 years of age and \$25 for vehicles over four years of age. For these vehicles under 2850 # the fees would be \$45.00 and \$20.00. SB 356 is a bill to fund the loss to the county from an oil severance tax.

HB 428 is a bill made up by the House Taxation Committee and sponsored by Ken Nordtvedt. This is a uniform tax bill based on average trade-in value times 3 1/2%. The fees range from 3 1/2% of the highest average trade-in value to \$20.00 bottom.

I think it's necessary to know that all uniform taxes or fees do three things in common:

1. The new car pays less and the old car pays more.
2. The big car pays less and the small car pays more.
3. The taxpayer in the high mill levy county pays less and the county government also receives less. The taxpayer in the low mill levy county pays more and that county receives more. All uniform taxes or fees do this.

HB 428 and SB 252 are the least objectionable in my point of view in these three aspects..

Now what does SB 126 by Severson do. It mandates that the Department of Revenue use the wholesale value as market ~~assessed~~ ^{assessed} value for taxation purposes. They are presently using the retail value. This is wrong and I'll tell you why. The retail value has a dealer profit margin and reconditioning built into it. I think we should be taxed at the value of vehicles are worth when we cut the ignition, when we park it go to work or for the night. The average wholesale value is the nearest figure to that value. This bill covers not only cars, pickups but also large trucks, construction equipment, agricultural equipment, motorcycles, airplanes, and all vehicles where individual or department made schedules are used. This is a tax equity. I call it "the people are as good as the folks" bill. It affects virtually every person in Montana in an equitable manner. I will reduce your tax on these vehicles from 20% to 35%. This is a vehicle bill that should pass this Legislature.

All of these bills will reduce the taxable valuations of counties. All will create some shift in county taxation for equity reasons or for the desire of a fee system on vehicles.

All will reduce county valuation but will not necessarily reduce county revenue as the counties can increase mill levies to maintain or increase their revenue.

Chevy Impala	79	78	77	76	75	74	73
Resale value	5125	4150	3275	2350	1900	1425	1125
Taxable value	744	539	426	305	247	185	146
Tax 250 mls	186	135	106	76	62	46	37
Ave. Trade in	4375	3450	2650	1775	1375	925	675
Taxable value	569	448	344	231	179	120	88
Tax .250 mls	142	112	86	58	45	30	22

Percentage Difference	117	120	124	132	138	154	167
Trade in over Retail	85%	83%	81%	75%	72%	65%	60%

FORD F 250	79	78	77	76	75	74	73
Resale value	5100	4100	3700	2975	2675	2100	1725
Taxable value	663	533	481	387	348	273	224
Tax mils (.250)	166	133	120	97	87	68	56
Ave. trade in	4300	3350	2975	2325	2050	1525	1175
Taxable value	559	435	387	302	266	198	153
Tax mils (.250)	140	109	97	76	67	49	38

Percentage
Difference

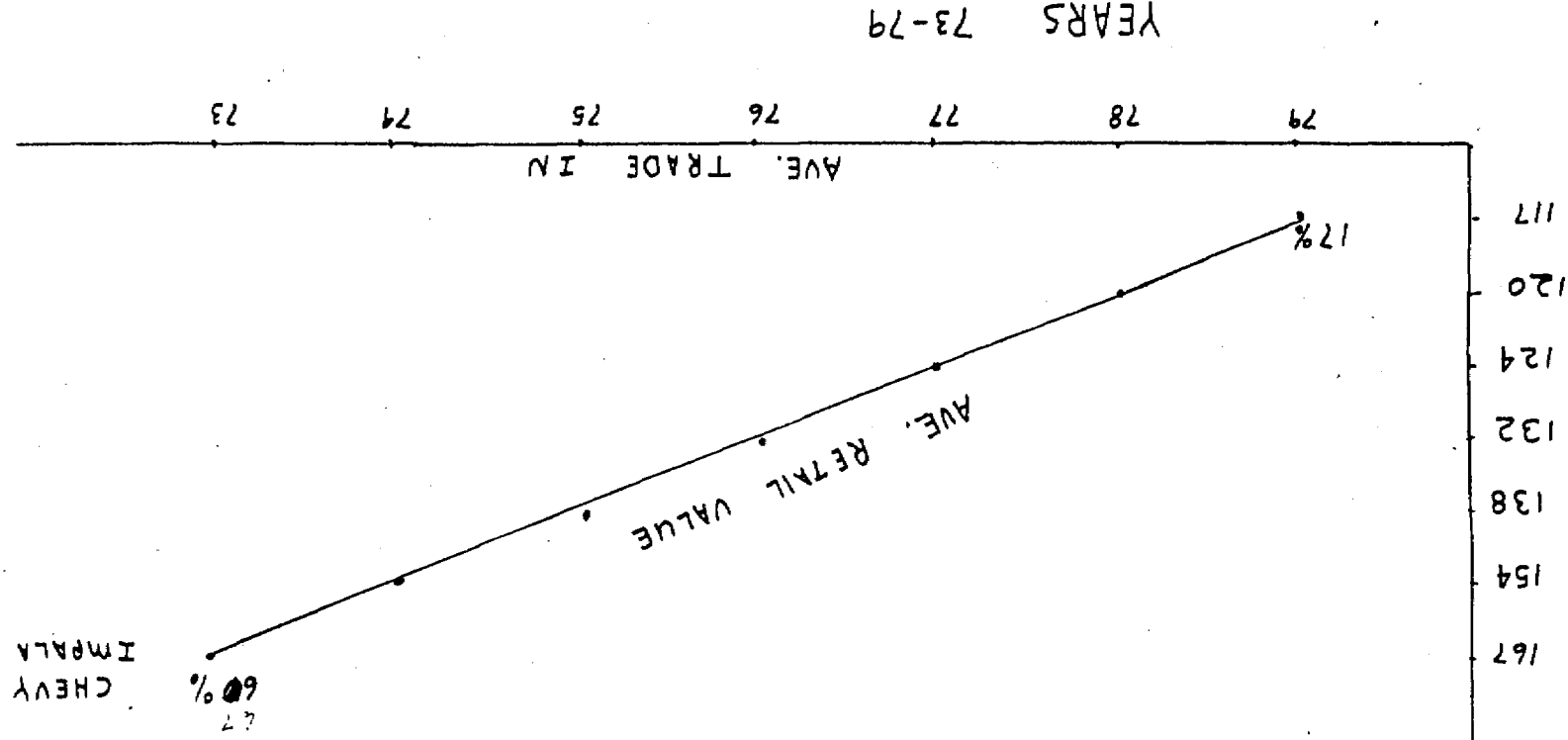
119 122 124 128 130 138 147

*As trade in to
as Retail*

84% 81% 80% 78% 76% 72% 68%

PERCENTAGE
DIFFERENCE

(3)



SUMMARY OF REVIEW SHOWING PERCENTAGE OF WHOLESALE
VALUE TO RETAIL OR RESALE VALUE

Farm Equipment	80%
Boats	75%
Motorcycles	73%
Construction Equip.	69% to 60%
Pickups	84% to 68%
Cars	85% to 60%

RETAIL VALUE	OR TRADEIN	PRESENT TAX	SB 126	HB 428	SB 355	
		AD VALOREM TAX ON RETAIL VALUE 230 MILLS	AD VALOREM TAX ON WHOLESALE VALUE 230 MILLS	3.5% OF AVERAGE TRADE-IN VALUE	GOVERNOR'S BILL OVER 2850#	UNDER 2850#
\$10,000	8000	299	239	280	1980 65	1980 45
9,500	7600	284	227	266	1979 65	1979 45
8,500	6800	254	203	238	1978 65	1978 45
7,500	6000	224	180	210	1977 65	1977 45
6,500	4875	194	145	170	1976 25	1976 20
5,500	4125	164	123	145	25	20
4,500	3375	135	100	111	25	20
3,500	2625	105	78	86	25	20
2,500	1875	75	56	62	25	20
1,500	1050	45	31	36	25	20
1,000	700	30	22	23	25	20
850	595	25	16	20	25	20
750	525	22	14	20	25	20
500	325	15	9	20	25	20
250	162	7.50	4.50	20	25	20
150	100	4.50	3.00	20	25	20
75	75	2.25	1.50	20	25	20

TO ALL THESE FIGURES ADD \$12.00 REGISTRATION FEE FOR CARS OVER 2850#-\$10 to CO.
2 " ST.
TO ALL THESE FIGURES ADD \$7.00 REGISTRATION FEE FOR CARS UNDER 2850#-\$5 to CO.
\$2 " ST.

+ 50¢ to \$2.00 JUNK VEHICLE FEE GOES TO COUNTY.

+ \$7.50 GROSS VEHICLE TAX ON PICKUPS GOES TO STATE.

NOTE: WE HAVE A \$5.00 or a \$10.00 County Fee Now.

COUNTY FISCAL IMPACT OF SB 126
(Tax Year 1980 Data)

COUNTIES	TAXABLE VALUE OF THIS PROPERTY 1	20% DECREASE IN TAXABLE VALUE 2	AVG. LEVY IN MILLS FOR COUNTY & SCHOOLS	ESTIMATED REVENUE CURRENT TAXABLE VALUE	ESTIMATED REVENUE 20% DECREASE IN TAXABLE VALUE	ESTIMATED REVENUE LOSS 3
Beaverhead	\$ 2,532,002	\$ 2,025,602	184	\$ 465,888	\$ 372,711	\$ 93,177
Big Horn	6,519,273	5,215,418	88	573,696	458,957	114,739
Blaine	3,113,898	2,491,118	130	404,807	323,845	80,962
Broadwater	1,518,834	1,215,067	176	267,315	213,852	53,463
Carbon	2,922,639	2,338,111	166	485,158	388,126	97,032
Carter	1,764,395	1,411,516	194	342,293	273,834	68,459
Cascade	11,286,247	9,028,998	236	2,663,554	2,130,844	532,710
Chouteau	6,734,330	5,387,464	158	1,064,024	851,219	212,805
Custer	3,660,690	2,928,552	253	926,155	740,924	185,231
Daniels	2,450,340	1,960,272	206	504,770	403,816	100,954
Dawson	4,264,886	3,411,909	232	989,454	791,563	197,891
Deer Lodge	1,431,165	1,144,932	277	396,433	317,146	79,287
Fallon	2,006,990	1,605,592	106	212,741	170,193	42,548
Fergus	5,102,637	4,082,110	205	1,046,041	836,833	209,208
Flathead	4,476,069	3,580,855	235	1,051,876	841,501	210,375
Gallatin	10,493,861	8,395,089	232	2,434,576	1,947,661	486,915
Garfield	1,566,150	1,252,920	176	275,642	220,514	55,128
Glacier	2,583,623	2,066,898	147	379,793	303,834	75,959
Golden Valley	805,085	644,068	169	136,059	108,848	27,211
Granite	824,361	659,489	196	161,575	129,260	32,315
Hill	6,804,135	5,443,308	188	1,279,177	1,023,342	255,835
Jefferson	1,309,015	1,047,212	231	302,383	241,906	60,477
Judith Basin	1,887,989	1,510,391	188	354,942	283,953	70,989
Lake	3,626,757	2,901,406	192	696,337	557,070	139,267
Lewis & Clark	9,431,302	7,545,042	269	2,537,020	2,029,616	507,404
Liberty	2,491,625	1,993,300	152	378,727	302,982	75,745
Lincoln	4,381,053	3,504,842	201	880,592	704,473	176,119
Madison	2,296,579	1,837,263	172	395,012	316,009	79,003
McCone	2,999,734	2,399,787	184	551,951	441,561	110,390
Meagher	864,482	691,586	193	166,845	133,476	33,369
Mineral	420,176	336,141	283	118,910	95,128	23,782
Missoula	14,338,489	11,470,791	261	3,742,346	2,993,876	748,470
Musselshell	1,267,158	1,013,726	134	169,799	135,839	33,960
Park	2,724,022	2,179,218	201	547,528	438,023	109,505
Petroleum	567,178	453,742	122	69,196	55,357	13,839
Phillips	2,617,573	2,094,058	140	366,460	293,168	73,292
Pondera	3,632,873	2,906,298	179	650,284	520,227	130,057
Powder River	2,170,267	1,736,214	94	204,005	163,204	40,801
Powell	1,580,817	1,264,654	196	309,840	247,872	61,968
Prairie	1,135,990	908,792	185	210,158	168,127	42,031
Ravalli	6,245,945	4,996,756	190	1,186,730	949,384	237,346
Richland	7,248,565	5,798,852	128	927,816	742,253	185,563
Roosevelt	3,947,436	3,157,949	185	730,276	584,221	146,055
Rosebud	3,116,746	2,493,397	95	296,091	236,873	59,218
Sanders	1,667,218	1,333,774	201	335,111	268,089	67,022
Sheridan	4,184,818	3,347,854	113	472,884	378,308	94,576
Silver Bow	9,658,020	7,726,416	259	2,501,427	2,001,142	500,285
Stillwater	2,230,551	1,784,441	187	417,113	333,690	83,443
Sweet Grass	1,241,724	993,379	168	208,610	166,888	41,722
Teton	3,734,565	2,987,652	200	746,913	597,530	149,383
Toole	3,758,091	3,006,473	138	518,617	414,893	103,724
Treasure	764,782	611,826	165	126,189	100,951	25,238
Valley	4,899,880	3,919,904	205	1,004,475	803,580	200,895
Wheatland	888,072	710,458	209	185,607	148,486	37,121
Wibaux	1,324,735	1,059,788	133	176,190	140,952	35,238
Yellowstone	19,099,921	15,279,937	207	3,953,684	3,162,947	790,737

FOOTNOTES

1. The actual decreases vary from 20% to 50%, so the 20% decrease is a lower bound estimate of the decrease in taxable valuation.
2. This average levy applies only to county and school levies. City and town levies are not included, thus the revenue estimates are probably undervalued.
3. The estimated revenue loss would be larger if city and town levies could be added to the average levy.

Crawler Tractor Model 1150 B Case	78	77	76	75	74	73
Resale Value	37,000	34,000	31,500	27,500	25,000	23,000
Taxable Value (11%)	4,070	3,740	3,465	3,025	2,750	2,530
Tax mils (.250)	1,018	935	866	756	688	633
Average trade in	24,000	21,500	18,500	17,000	15,000	13,000
Taxable Value (11%)	2,640	2,365	2,035	1,870	1,650	1,430
Tax mils (.250)	660	591	509	467	413	356
Percentage Difference	154	158	170	162	167	177

SB, 26

STANDING COMMITTEE REPORT

April 11, 1981

SPEAKER

MR.

TAXATION

We, your committee on

SENATE

126

having had under consideration Bill No.

A BILL FOR AN ACT ENTITLED: "AN ACT SPECIFYING THE BASIS FOR ASSESSING AGRICULTURAL MACHINERY, AUTOMOBILES, TRUCKS, AND OTHER MOTOR VEHICLES; AMENDING SECTIONS 15-1-101 AND 15-8-111, MCA."

Respectfully report as follows: That SENATE Bill No. 126.

third reading (blue), be amended as follows:

1. Title, line 6.

Following: "VEHICLES;"

Insert: "TO CHANGE THE FUNDING ALLOCATIONS OF THE SCHOOL EQUALIZATION PROGRAM BY ALTERING CONTRIBUTIONS OF INCOME AND CORPORATE TAX; ELIMINATING THE PROPERTY TAX MILL LEVY ON CERTAIN VEHICLES FOR SCHOOL DISTRICT CONTRIBUTIONS TO THE SCHOOL EQUALIZATION PROGRAM AND THE UNIVERSITY LEVY;"

Following: "15-1-101"

Strike: "AND"

Insert: " , 15-1-501,"

2. Title, line 7.

Following: "15-8-111,"

Insert: "20-2-331, 20-2-332, AND 20-9-343,"

Following: "MCA"

Insert: ", AND SECTION 1, CHAPTER 502, LAWS OF 1979"

XXXXXXX

(Page 1 of 7 pages)

COMMITTEE ON TAXATION AMENDMENTS TO SENATE BILL 126:

3. Page 3, line 25.

Following: line 24

Insert: "SECTION 2. SECTION 15-1-501, MCA, IS AMENDED TO READ:

"15-1-501. Disposition of moneys from certain designated license and other taxes. (1) The state treasurer shall deposit to the credit of the state general fund all moneys received by him from the collection of:

(a) automobile driver's license fees under subsections (1) through (6) of 61-5-111;

(b) electric energy producer's license taxes under chapter 51;

(c) metalliferous mines license taxes under chapter 37;

(d) oil and gas severance taxes allocated to the general fund under chapter 36;

(e) liquor license taxes under Title 16;

(f) telephone license taxes under chapter 53; and

(g) inheritance and estate taxes under Title 72, chapter 16.

(2) ~~Seventy-five~~ Seventy-two percent of all moneys received from the collection of income taxes under chapter 30 and corporation license and income taxes under chapter 51, except as provided in 15-31-702, shall be deposited in the general fund subject to the prior pledge and appropriation of such income tax and corporation license tax collections for the payment of long-range building program bonds. The remaining ~~24~~ 28 percent of the proceeds of the corporation license tax, excluding that allocated to the counties under 15-31-702, corporation income tax, and income tax shall be deposited to the credit of the earmarked revenue fund for state equalization aid to the public schools of Montana.

(3) The state treasurer shall also deposit to the credit of the state general fund all moneys received by him from the collection of license taxes, fees, and all net revenues and receipts from all other sources under the operation of the Montana Alcoholic Beverage Code."

Reamend: subsequent sections

4. Page 6, line 5.

Following: line 4

Insert: (See attached)

AND AS AMENDED
BE CONCURRED IN

(Page 2 of 7 pages)

1 SECTION 4. SECTION 20-9-331, MCA, IS AMENDED TO READ:

2 "20-9-331. Basic county tax and other revenues for
3 county equalization of the elementary district foundation
4 program. (1) It shall be the duty of the county
5 commissioners of each county to levy an annual basic tax of
6 25 mills on the dollars of the taxable value of all taxable
7 property within the county, excluding vehicles and light
8 trucks with a GVW capacity of three-quarter ton or less, for
9 the purposes of local and state foundation program support.
10 The revenue to be collected from this levy shall be
11 apportioned to the support of the foundation programs of the
12 elementary school districts in the county and to the
13 earmarked revenue fund, state equalization aid account, in
14 the following manner:

15 (a) In order to determine the amount of revenue raised
16 by this levy which is retained by the county, the sum of the
17 estimated revenues identified in subsections (2)(a) through
18 (2)(f) below shall be subtracted from the sum of the county
19 elementary transportation obligation and the total of the
20 foundation programs of all elementary districts of the
21 county.

22 (b) If the basic levy of 25 mills produces more
23 revenue than is required to finance the difference
24 determined above, the county commissioners shall order the
25 county treasurer to remit the surplus funds to the state
26 treasurer for deposit to the earmarked revenue fund, state
27 equalization aid account, not later than June 1 of the
28 fiscal year for which the levy has been set.

29 (2) The proceeds realized from the county's portion of
30 the levy prescribed by this section and the revenues from

1 the following sources shall be used for the equalization of
2 the elementary district foundation programs of the county as
3 prescribed in 20-9-334, and a separate accounting shall be
4 kept of such proceeds and revenues by the county treasurer
5 in accordance with 20-9-212(1):

6 (a) the portion of the federal forest reserve funds
7 distributed to a county and designated for the common school
8 fund under the provisions of 17-3-213;

9 (b) the portion of the federal Taylor Grazing Act
10 funds distributed to a county and designated for the common
11 school fund under the provisions of 17-3-222;

12 (c) the portion of the federal flood control act funds
13 distributed to a county and designated for expenditure for
14 the benefit of the county common schools under the
15 provisions of 17-3-232;

16 (d) all moneys which are paid into the county treasury
17 as a result of fines for violations of law and the use of
18 which is not otherwise specified by law;

19 (e) any money remaining at the end of the immediately
20 preceding school fiscal year in the county treasurer's
21 account for the various sources of revenue established or
22 referred to in this section; and

23 (f) any federal or state moneys distributed to the
24 county as payment in lieu of the property taxation
25 established by the county levy required by this section."

26 SECTION 5. SECTION 20-9-333, MCA, IS AMENDED TO READ:

27 "20-9-333. Basic special levy and other revenues for
28 county equalization of high school district foundation
29 program. (1) It shall be the duty of the county
30 commissioners of each county to levy an annual basic special

1 tax for high schools of 15 mills on the dollar of the
2 taxable value of all taxable property within the county,
3 excluding vehicles and light trucks with a GVW capacity of
4 three-quarter ton or less, for the purposes of local and
5 state foundation program support. The revenue to be
6 collected from this levy shall be apportioned to the support
7 of the foundation programs of high school districts in the
8 county and to the earmarked revenue fund, state equalization
9 aid account, in the following manner:

10 (a) In order to determine the amount of revenue raised
11 by this levy which is retained by the county, the estimated
12 revenues identified in subsections (2)(a) and (2)(b) below
13 shall be subtracted from the sum of the county's high school
14 tuition obligation and the total of the foundation programs
15 of all high school districts of the county.

16 (b) If the basic levy for 15 mills produces more
17 revenue than is required to finance the difference
18 determined above, the county commissioners shall order the
19 county treasurer to remit the surplus to the state treasurer
20 for deposit to the earmarked revenue fund, state
21 equalization aid account, not later than June 1 of the
22 fiscal year for which the levy has been set.

23 (2) The proceeds realized from the county's portion of
24 the levy prescribed in this section and the revenues from
25 the following sources shall be used for the equalization of
26 the high school district foundation programs of the county
27 as prescribed in 20-9-334, and a separate accounting shall
28 be kept of these proceeds by the county treasurer in
29 accordance with 20-9-212(1):

30 (a) any money remaining at the end of the immediately

1 preceding school fiscal year in the county treasurer's
2 account for deposit of the proceeds from the levy
3 established in this section; and

4 (b) any federal or state moneys distributed to the
5 county as a payment in lieu of the property taxation
6 established by the county levy required by this section."

7 SECTION 6. SECTION 20-9-343, MCA, IS AMENDED TO READ:

8 "20-9-343. Definition of and revenue for state
9 equalization aid. (1) As used in this title, the term "state
10 equalization aid" means those moneys deposited in the
11 earmarked revenue fund as required in this section plus any
12 legislative appropriation of moneys from other sources for
13 distribution to the public schools for the purpose of
14 equalization of the foundation program.

15 (2) The following shall be paid into the earmarked
16 revenue fund for state equalization aid to public schools of
17 the state:

18 (a) 25% 28% of all moneys received from the collection
19 of income taxes under chapter 30 of Title 15;

20 (b) 25% 28% of all moneys, except as provided in
21 15-31-702, received from the collection of corporation
22 license taxes under chapter 31 of Title 15, as provided by
23 15-1-501;

24 (c) 10% of the moneys received from the collection of
25 the severance tax on coal under chapter 35 of Title 15;

26 (d) 62 1/2% of the moneys received from the treasurer
27 of the United States as the state's shares of oil, gas, and
28 other mineral royalties under the federal Mineral Lands
29 Leasing Act, as amended;

30 (e) interest and income moneys described in 20-9-341

1 and 20-9-342;

2 (f) income from the local impact and education trust
3 fund account; and

4 (g) in addition to these revenues, the surplus
5 revenues collected by the counties for foundation program
6 support according to 20-9-331 and 20-9-333 shall be paid
7 into the same earmarked revenue fund."

8 SECTION 7. SECTION 1, CHAPTER 582, LAWS OF 1979, IS
9 AMENDED TO READ:

10 "Section 1. Tax levy for the university system. There
11 is levied upon the taxable value of all real and personal
12 property in the state of Montana, subject to taxation,
13 excluding vehicles and light trucks with a GVW capacity of
14 three-quarter ton or less, 6 mills or so much thereof as is
15 necessary to raise the amount appropriated by the
16 legislature from the earmarked revenue fund for the support,
17 maintenance, and improvement of the Montana university
18 system and other public educational institutions subject to
19 board of regents' supervision, as provided in referendum
20 measure No. 75 passed by vote of the people at the general
21 election held November 7, 1978; and the funds raised
22 therefrom shall be deposited in the earmarked revenue fund."

HOUSE TAXATION COMMITTEE MEETING MINUTES
April 11, 1981

A meeting of the House Taxation Committee was held on Saturday, April 11, 1981 at 8:00 a.m. in Room 102 of the State Capitol. All members were present except Rep. Williams, who was absent. EXECUTIVE ACTION was taken on SENATE BILLS 30 and 126.

Rep. Roth moved that SENATE BILL 30 BE CONCURRED IN. It was brought out that the fiscal impact would be \$30 million in the biennium.

Rep. Harrington submitted that if the surtax was repealed, it should be on the basis of the brackets. This would have less of an impact. Rep. Nordtvedt said that the people in the upper brackets weren't getting that much of an advantage, because in the past they had to pay more surtax. On a proportionate basis, the percentage reduction would be the same for everyone. Rep. Brand wanted to know what impact the bill would have on the balancing of the State's budget, when all other bills were considered. Rep. Nordtvedt said there was no problem with the current biennium because of the surplus in revenue, and it was most of the Republicans' view that this repealer could be afforded on a permanent basis, but the other forms of relief would be on a two-year basis. Rep. Dozier said he didn't fully approve of the bill without some method of adjusting the tax scales themselves.

The question was then called for; motion carried with Reps. Harrington, Neuman, Hart, and Brand opposed.

SENATE BILL 126 was then considered; see grey bill Exhibit "A." It was explained that the contents of HOUSE BILL 155 had been incorporated into the grey bill.

Mr. Oppedahl (Legislative Council) explained the grey bill. The 40 mills and the 6 mills have been taken off the property tax for light trucks and vehicles. Section 1 is from SB 126, defining average wholesale value. Section 2 is the disposition of money from certain taxes. Disposition is changed to 72% of all money to be deposited in the General Fund. The remaining 28%, excluding certain money, goes into the earmarked funds for the public schools; these were changes made in HB 155. Sections 4, 5, and 6 were from HB 155. The only addition that wasn't in SB 126 or HB 155 is on P. 13; it takes the 6-mill levy off of vehicles and light trucks; a 1979 Chapter law needed to be added.

Rep. Sivertsen said a new Fiscal Note would be worked up for the bill; see Exhibit "B." He added that it was his understanding that by picking up the 40 and the 6 mills, the impact would be eliminated to the local governments. He added that it was his and other persons' positions that this would be an alternative to passing SENATE BILLS 200, 355, and 356.

Rep. Underdal wanted to know how else the local governments would be helped other than by taking money from the General Fund. Rep. Sivertsen said all the bill was doing was leaving property valuation alone; it was going to wholesale value. The cut would be 20%. The local governments would be retaining 40 mills they would have had to pay out for the Foundation Program. Mr. Oppedahl said that the 40 mills and the 6 mills were no longer taxed; the General Fund would be picking up these amounts.

It was brought out that if the vehicle was more than 3/4 ton, the 46 mills would be paid, while lighter vehicles wouldn't be paying this amount. It was pointed out that the value on these vehicles was being cut to wholesale value, however.

Rep. Neuman wanted to know if agricultural equipment would be 20% less, also. Rep. Sivertsen wasn't sure what kind of reduction it would have.

Rep. Harrington wanted to know what kind of impact there would be in the high mill levy Counties, even with the 40 and the 6 mills taken off. He didn't want to vote on the bill until he could get this information.

Mike Stephen, Association of Counties, said the Fiscal Note had estimated \$9 million per year for the replacement of the 40 and the 6 mills. The original impact of the bill was \$9.5 million. Rep. Nordtvedt said that the impact of the bill would be \$23 million in the biennium. Regarding the amount of the reduction on heavy machinery, he said the sponsor of the bill was willing to amend it to include only vehicles and light trucks. He submitted that possibly 20% would be a fairly decent rule of thumb, for the amount of the reduction.

Rep. Nordtvedt said that of the \$23 million impact, \$12 million would be direct General Fund impact from the elimination of the 40 and 6 mills. The other \$11 million would be impact on local governments because of the reduction of the taxable value percentage to mills, by about 20% of the vehicle's taxable value. That added up under present mill assessments to about \$11 million Statewide in the biennium.

The total average tax reduction would be about 1/3 on a typical vehicle, whereas the two other bills being considered cut taxes in about half. Therefore, their fiscal impact would be higher than this bill. \$23 million would be the impact if the bill only included vehicles and light trucks, he pointed out.

Rep. Asay submitted that there would be quite an impact from tractors and combines, but he didn't think other heavy equipment

would create much of an impact.

In response to a question from Rep. Asay, Rep. Nordtvedt said that the discussion up until the present had been in the neighborhood of \$35 - \$36 million to be given in tax relief on automobile licensing. Negotiations originally considered \$36 million to vehicle owners, packaged either through a flat fee or ad valorem. In the recent past, however, this had changed and the fee system proponents were willing to raise the fees on the expensive vehicles, which would reduce the impact to about \$23 million. This bill's impact would also be in that area, he submitted.

This bill distributes the tax reductions differently around the State. The 46 mills part would be uniform throughout the State. The part going from retail to wholesale would mean, dollar-wise, more tax relief in the high mill areas. Therefore, it is about 50% uniform tax reduction and 50% mill levy tax reduction.

Rep. Sivertsen said that he was not going to support SENATE BILLS 200, 355, and 356 because to give someone relief, someone else would have to be taxed, and revenue sharing was being created. He was not in favor of this approach. That was why he was supporting this bill.

Rep. Asay wanted to know if there were any provisions for the administration of the license plates. Rep. Nordtvedt said that Sen. Severson said this could be done in a centralized manner as well, and the Senate could take care of this amendment. An amendment for central administration similar to the other bills would be worked up.

Rep. Neuman expressed concern that possibly tractor taxes would be going up because their replacement cost might be greater than the original cost.

Rep. Switzer moved that the Grey copy of SENATE BILL 126 BE CONCURRED IN.

Rep. Harrington expressed concern about what effect passing the bill out of Committee would have on related bills. Rep. Nordtvedt said that there seemed to be an impasse over the uniform State tax bills and how that impacted on the oil severance tax bills. He suggested that an alternative might be needed.

Rep. Harp moved an amendment to P. 6 to put in the same language as in HB 428; in effect taking out farm machinery. The motion tied 8 - 8; see roll call vote; it was deemed that the motion failed.

The question was then called for on the motion that the Grey bill

BE CONCURRED IN. Rep. Neuman expressed concern about the fiscal impact of the bill and expressed reluctance to vote on the bill until figures could be better determined. It was brought out, that there would be an additional \$8 million impact in the biennium from vehicles other than light trucks. If the \$19 million local impact was taken, \$3 million was the impact on the 40 mills.

Rep. Devlin made a substitute motion that another Fiscal Note be obtained. He stressed that the impact from heavy equipment needed to be determined. Rep. Nordtvedt said that if the bill was passed, they could wait until the new Fiscal Note came out. Rep. Devlin withdrew his motion.

The question was called for again, and the motion carried 12 - 6; see roll call vote.

The meeting was adjourned at 9:00 a.m.

Rep. Ken Nordtvedt - Chairman

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1 SENATE BILL NO. 126

2 INTRODUCED BY SEVERSON, HIMSL, McCALLUM, BOYLAN, KOLSTAD, GALT,
3 ELLIOTT, KEATING, OCHSNER, HAGER, J. O'HARA, HAFFERMAN, CONOVER,
4 HAZELBAKER, NELSON, AKLESTAD, GRAHAM, DOVER, MANLEY, STORY

5
6 A BILL FOR AN ACT ENTITLED: "AN ACT SPECIFYING THE BASIS
7 FOR ASSESSING AGRICULTURAL MACHINERY, AUTOMOBILES, TRUCKS,
8 AND OTHER MOTOR VEHICLES; TO CHANGE THE FUNDING ALLOCATIONS
9 OF THE SCHOOL EQUALIZATION PROGRAM BY ALTERING CONTRIBUTIONS
10 OF INCOME AND CORPORATE TAX; ELIMINATING THE PROPERTY TAX
11 MILL LEVY ON CERTAIN VEHICLES FOR SCHOOL DISTRICT
12 CONTRIBUTIONS TO THE SCHOOL EQUALIZATION PROGRAM AND THE
13 UNIVERSITY LEVY; AMENDING SECTIONS 15-1-101, 15-1-501,
14 15-8-111, 20-9-331, 20-9-333, AND 20-9-343, MCA, AND SECTION
15 1, CHAPTER 582, LAWS OF 1979.

16
17 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

18 Section 1. Section 15-1-101, MCA, is amended to read:

19 "15-1-101. Definitions. (1) When terms mentioned in
20 this section are used in connection with taxation, they are
21 defined in the following manner:

22 (a) The term "agricultural" refers to the raising of
23 livestock, swine, poultry, field crops, fruit, and other
24 animal and vegetable matter for food or fiber.

25 (b) The term "assessed value" means the value of

1 property as defined in 15-8-111.

2 (c) The term "average wholesale value" means the value
3 to a dealer prior to reconditioning and profit margin shown
4 in national appraisal guides and manuals or the valuation
5 schedules of the department of revenue.

6 ~~(c)~~(d) The term "credit" means solvent debts, secured
7 or unsecured, owing to a person.

8 ~~(d)~~(e) The term "improvements" includes all buildings,
9 structures, fixtures, fences, and improvements situated
10 upon, erected upon, or affixed to land. When the department
11 of revenue or its agent determines that the permanency of
12 location of a mobile home or housetrailer has been
13 established, the mobile home or housetrailer is presumed to
14 be an improvement to real property. If the mobile home or
15 housetrailer is an improvement located on land not owned by
16 the owner of such improvement, the improvement is assessed
17 as a leasehold improvement to real property and delinquent
18 taxes can be a lien only on the leasehold improvement.

19 ~~(e)~~(f) The term "mobile home" means forms of housing
20 known as "trailers", "housetrailer", or "trailer coaches",
21 exceeding 8 feet in width or 32 feet in length, designed to
22 be moved from one place to another by an independent power
23 connected to them.

24 ~~(f)~~(g) The term "personal property" includes
25 everything that is the subject of ownership but that is not

1 included within the meaning of the terms "real estate" and
2 "improvements".

3 ~~(g)~~(h) The term "poultry" includes all chickens,
4 turkeys, geese, ducks, and other birds raised in
5 domestication to produce food or feathers.

6 ~~(h)~~(i) The term "property" includes moneys, credits,
7 bonds, stocks, franchises, and all other matters and things,
8 real, personal, and mixed, capable of private ownership.
9 This definition must not be construed to authorize the
10 taxation of the stocks of any company or corporation when
11 the property of such company or corporation represented by
12 the stocks is within the state and has been taxed.

13 ~~(i)~~(j) The term "real estate" includes:

14 (i) the possession of, claim to, ownership of, or
15 right to the possession of land;

16 (ii) all mines, minerals, and quarries in and under the
17 land subject to the provisions of 15-23-501 and 15-23-801;
18 all timber belonging to individuals or corporations growing
19 or being on the lands of the United States; and all rights
20 and privileges appertaining thereto.

21 ~~(j)~~(k) The term "taxable value" means the percentage
22 of market or assessed value as provided for in 15-6-131
23 through 15-6-140.

24 (2) The phrase "municipal corporation" or
25 "municipality" or "taxing unit" shall be deemed to include a

1 county, city, incorporated town, township, school district,
2 irrigation district, drainage district, or any person,
3 persons, or organized body authorized by law to establish
4 tax levies for the purpose of raising public revenue.

5 (3) The term "state board" or "board" when used
6 without other qualification shall mean the state tax appeal
7 board."

8 SECTION 2. SECTION 15-1-501, MCA, IS AMENDED TO READ:

9 "15-1-501. Disposition of moneys from certain
10 designated license and other taxes. (1) The state treasurer
11 shall deposit to the credit of the state general fund all
12 moneys received by him from the collection of:

13 (a) automobile driver's license fees under subsections
14 (1) through (6) of 61-5-111;

15 (b) electric energy producer's license taxes under
16 chapter 51;

17 (c) metalliferous mines license taxes under chapter
18 37;

19 (d) oil and gas severance taxes allocated to the
20 general fund under chapter 36;

21 (e) liquor license taxes under Title 16;

22 (f) telephone license taxes under chapter 53; and

23 (g) inheritance and estate taxes under Title 72,
24 chapter 16.

25 (2) Seventy-five Seventy-two percent of all moneys

1 received from the collection of income taxes under chapter
2 30 and corporation license and income taxes under chapter
3 31, except as provided in 15-31-702, shall be deposited in
4 the general fund subject to the prior pledge and
5 appropriation of such income tax and corporation license tax
6 collections for the payment of long-range building program
7 bonds. The remaining 25% 28% of the proceeds of the
8 corporation license tax, excluding that allocated to the
9 counties under 15-31-702, corporation income tax, and income
10 tax shall be deposited to the credit of the earmarked
11 revenue fund for state equalization aid to the public
12 schools of Montana.

13 (3) The state treasurer shall also deposit to the
14 credit of the state general fund all moneys received by him
15 from the collection of license taxes, fees, and all net
16 revenues and receipts from all other sources under the
17 operation of the Montana Alcoholic Beverage Code."

18 Section 3. Section 15-8-111, MCA, is amended to read:
19 "15-8-111. Assessment -- market value standard --
20 exceptions. (1) All taxable property must be assessed at
21 100% of its market value except as provided in subsection
22 (5) of this section and in 15-7-111 through 15-7-114.

23 (2) (a) Market value is the value at which property
24 would change hands between a willing buyer and a willing
25 seller, neither being under any compulsion to buy or to sell

1 and both having reasonable knowledge of relevant facts.

2 (b) The market value of all automobiles, motor
3 trucks, and other power-driven cars; agricultural tools,
4 implements, and machinery; and vehicles of all kinds,
5 including but not limited to motorcycles, aircraft, and
6 boats and all watercraft, is the average wholesale value
7 shown in national appraisal guides and manuals or the value
8 of the vehicle before reconditioning and profit margin. The
9 department of revenue shall prepare valuation schedules
10 showing the average wholesale value when no national
11 appraisal guide exists.

12 (3) The department of revenue or its agents may not
13 adopt a lower or different standard of value from market
14 value in making the official assessment and appraisal of the
15 value of property in subsection (1)(a) of 15-6-131 and
16 15-6-134 through 15-6-140. For purposes of taxation,
17 assessed value is the same as appraised value.

18 (4) The taxable value for all property in subsection
19 (1)(a) of 15-6-131 and classes four through ten [class
20 twenty, and class twenty-one] is the percentage of market
21 value established for each class of property in subsection
22 (2)(a) of 15-6-131 and 15-6-134 through 15-6-141 [and
23 15-6-121].

24 (5) The assessed value of properties in subsection
25 (1)(b) of 15-6-131, 15-6-132, and 15-6-133 is as follows:

(a) Properties in subsection (1)(b) of 15-6-131, under class one, are assessed at 100% of the annual net proceeds after deducting the expenses specified and allowed by 15-23-503.

(b) Properties in 15-6-132 under class two are assessed at 100% of the annual gross proceeds.

(c) Properties in 15-6-133, under class three, are assessed at 100% of the productive capacity of the lands when valued for agricultural purposes. All lands that meet the qualifications of 15-7-202 are valued as agricultural lands for tax purposes.

(6) Land and the improvements thereon are separately assessed when any of the following conditions occur:

(a) ownership of the improvements is different from ownership of the land;

(b) the taxpayer makes a written request; or

(c) the land is outside an incorporated city or town.

(7) The taxable value of all property in subsection (1)(b) of 15-6-131 and classes two and three is the percentage of assessed value established in 15-6-131(2)(b), 15-6-132, and 15-6-133 [and 15-6-120] for each class of property."

SECTION 4. SECTION 20-9-331, MCA, IS AMENDED TO READ:

"20-9-331. Basic county tax and other revenues for county equalization of the elementary district foundation

1 program. (1) It shall be the duty of the county
2 commissioners of each county to levy an annual basic tax of
3 25 mills on the dollars of the taxable value of all taxable
4 property within the county, excluding vehicles and light
5 trucks with a GVW capacity of three-quarter ton or less, for
6 the purposes of local and state foundation program support.
7 The revenue to be collected from this levy shall be
8 apportioned to the support of the foundation programs of the
9 elementary school districts in the county and to the
10 earmarked revenue fund, state equalization aid account, in
11 the following manner:

12 (a) In order to determine the amount of revenue raised
13 by this levy which is retained by the county, the sum of the
14 estimated revenues identified in subsections (2)(a) through
15 (2)(f) below shall be subtracted from the sum of the county
16 elementary transportation obligation and the total of the
17 foundation programs of all elementary districts of the
18 county.

19 (b) If the basic levy of 25 mills produces more
20 revenue than is required to finance the difference
21 determined above, the county commissioners shall order the
22 county treasurer to remit the surplus funds to the state
23 treasurer for deposit to the earmarked revenue fund, state
24 equalization aid account, not later than June 1 of the
25 fiscal year for which the levy has been set.

1 (2) The proceeds realized from the county's portion of
2 the levy prescribed by this section and the revenues from
3 the following sources shall be used for the equalization of
4 the elementary district foundation programs of the county as
5 prescribed in 20-9-334, and a separate accounting shall be
6 kept of such proceeds and revenues by the county treasurer
7 in accordance with 20-9-212(1):

8 (a) the portion of the federal forest reserve funds
9 distributed to a county and designated for the common school
10 fund under the provisions of 17-3-213;

11 (b) the portion of the federal Taylor Grazing Act
12 funds distributed to a county and designated for the common
13 school fund under the provisions of 17-3-222;

14 (c) the portion of the federal flood control act funds
15 distributed to a county and designated for expenditure for
16 the benefit of the county common schools under the
17 provisions of 17-3-232;

18 (d) all moneys which are paid into the county treasury
19 as a result of fines for violations of law and the use of
20 which is not otherwise specified by law;

21 (e) any money remaining at the end of the immediately
22 preceding school fiscal year in the county treasurer's
23 account for the various sources of revenue established or
24 referred to in this section; and

25 (f) any federal or state moneys distributed to the

1 county as payment in lieu of the property taxation
2 established by the county levy required by this section."

3 SECTION 5. SECTION 20-9-333, MCA, IS AMENDED TO READ:

4 "20-9-333. Basic special levy and other revenues for
5 county equalization of high school district foundation
6 program. (1) It shall be the duty of the county
7 commissioners of each county to levy an annual basic special
8 tax for high schools of 15 mills on the dollar of the
9 taxable value of all taxable property within the county,
10 excluding vehicles and light trucks with a GVW capacity of
11 three-quarter ton or less, for the purposes of local and
12 state foundation program support. The revenue to be
13 collected from this levy shall be apportioned to the support
14 of the foundation programs of high school districts in the
15 county and to the earmarked revenue fund, state equalization
16 aid account, in the following manner:

17 (a) In order to determine the amount of revenue raised
18 by this levy which is retained by the county, the estimated
19 revenues identified in subsections (2)(a) and (2)(b) below
20 shall be subtracted from the sum of the county's high school
21 tuition obligation and the total of the foundation programs
22 of all high school districts of the county.

23 (b) If the basic levy for 15 mills produces more
24 revenue than is required to finance the difference
25 determined above, the county commissioners shall order the

1 county treasurer to remit the surplus to the state treasurer
2 for deposit to the earmarked revenue fund, state
3 equalization aid account, not later than June 1 of the
4 fiscal year for which the levy has been set.

5 (2) The proceeds realized from the county's portion of
6 the levy prescribed in this section and the revenues from
7 the following sources shall be used for the equalization of
8 the high school district foundation programs of the county
9 as prescribed in 20-9-334, and a separate accounting shall
10 be kept of these proceeds by the county treasurer in
11 accordance with 20-9-212(1):

12 (a) any money remaining at the end of the immediately
13 preceding school fiscal year in the county treasurer's
14 account for deposit of the proceeds from the levy
15 established in this section; and

16 (b) any federal or state moneys distributed to the
17 county as a payment in lieu of the property taxation
18 established by the county levy required by this section."

19 SECTION 6. SECTION 20-9-343, MCA, IS AMENDED TO READ:

20 "20-9-343. Definition of and revenue for state
21 equalization aid. (1) As used in this title, the term "state
22 equalization aid" means those moneys deposited in the
23 earmarked revenue fund as required in this section plus any
24 legislative appropriation of moneys from other sources for
25 distribution to the public schools for the purpose of

1 equalization of the foundation program.

2 (2) The following shall be paid into the earmarked
3 revenue fund for state equalization aid to public schools of
4 the state:

5 (a) 25% ~~29%~~²⁸ of all moneys received from the collection
6 of income taxes under chapter 30 of Title 15;

7 (b) 25% 28% of all moneys, except as provided in
8 15-31-702, received from the collection of corporation
9 license taxes under chapter 31 of Title 15, as provided by
10 15-1-501;

11 (c) 10% of the moneys received from the collection of
12 the severance tax on coal under chapter 35 of Title 15;

13 (d) 62 1/2% of the moneys received from the treasurer
14 of the United States as the state's shares of oil, gas, and
15 other mineral royalties under the federal Mineral Lands
16 Leasing Act, as amended;

17 (e) interest and income moneys described in 20-9-341
18 and 20-9-342;

19 (f) income from the local impact and education trust
20 fund account; and

21 (g) in addition to these revenues, the surplus
22 revenues collected by the counties for foundation program
23 support according to 20-9-331 and 20-9-333 shall be paid
24 into the same earmarked revenue fund."

25 SECTION 7. SECTION 1, CHAPTER 582, LAWS OF 1979, IS

1 AMENDED TO READ:

2 "Section 1. Tax levy for the university system. There
3 is levied upon the taxable value of all real and personal
4 property in the state of Montana, subject to taxation,
5 excluding vehicles and light trucks with a GVW capacity of
6 three-quarter ton or less, 6 mills or so much thereof as is
7 necessary to raise the amount appropriated by the
8 legislature from the earmarked revenue fund for the support,
9 maintenance, and improvement of the Montana university
10 system and other public educational institutions subject to
11 board of regents' supervision, as provided in referendum
12 measure No. 75 passed by vote of the people at the general
13 election held November 7, 1978; and the funds raised
14 therefrom shall be deposited in the earmarked revenue fund."

-End-

The Big Sky Country



MONTANA STATE HOUSE OF REPRESENTATIVES

Ken Nordtvedt
118 Sourdough Ridge
Bozeman, MT 59715

Committees:
Taxation, Chairman
Natural Resources

Dear Mr. Speaker:

The House Taxation Committee would like to request that a fiscal note be prepared on the following bill(s):

SENATE BILL 126 as amended (see attached grey copy)

The House Taxation Committee would further like to request that in considering the fiscal note, the following considerations be taken into account: in calculating the fiscal impact, please separate the amount of the impact pertaining to light trucks and vehicles and that pertaining to all other items receiving wholesale treatment under the (grey) bill.

Ken Nordtvedt, Chairman

Date

1. Title, line 6.

Following: "VEHICLES;"

Insert: "TO CHANGE THE FUNDING ALLOCATIONS OF THE SCHOOL EQUALIZATION PROGRAM BY ALTERING CONTRIBUTIONS OF INCOME AND CORPORATE TAX; ELIMINATING THE PROPERTY TAX MILL LEVY ON CERTAIN VEHICLES FOR SCHOOL DISTRICT CONTRIBUTIONS TO THE SCHOOL EQUALIZATION PROGRAM AND THE UNIVERSITY LEVY;"

Following: "15-1-101"

Strike: "AND"

Insert: " , 15-1-501,"

2. Title, line 7.

Following: "15-8-111,"

Insert: "20-9-331, 20-9-333, AND 20-9-343,"

Following: "MCA"

Insert: " , AND SECTION 1, CHAPTER 582, LAWS OF 1979"

3. Page 3, line 25.

Following: line 24

Insert: "SECTION 2. SECTION 15-1-501, MCA, IS AMENDED TO READ:

"15-1-501. Disposition of moneys from certain designated license and other taxes. (1) The state treasurer shall deposit to the credit of the state general fund all moneys received by him from the collection of:

(a) automobile driver's license fees under subsections (1) through (6) of 61-5-111;

(b) electric energy producer's license taxes under chapter 51;

(c) metalliferous mines license taxes under chapter 37;

(d) oil and gas severance taxes allocated to the general fund under chapter 36;

(e) liquor license taxes under Title 16;

(f) telephone license taxes under chapter 53; and

(g) inheritance and estate taxes under Title 72, chapter 16.

(2) ~~Seventy-five~~ Seventy-two percent of all moneys received from the collection of income taxes under chapter 30 and corporation license and income taxes under chapter 31, except as provided in 15-31-702, shall be deposited in the general fund subject to the prior pledge and appropriation of such income tax and corporation license tax collections for the payment of long-range building program bonds. The remaining ~~25%~~ 28% of the proceeds of the corporation license tax, excluding that allocated to the counties under 15-31-702, corporation income tax, and income tax shall be deposited to the credit of the earmarked revenue fund for state equalization aid to the public schools of Montana.

(3) The state treasurer shall also deposit to the credit of the state general fund all moneys received by him from the collection of license taxes, fees, and all net revenues and receipts from all other sources under the operation of the Montana Alcoholic Beverage Code,"
Renumber: subsequent sections.

4. Page 6, line 5.

Following: line 4

Insert: (See attached)

SECTION 4. SECTION 20-9-331, MCA, IS AMENDED TO READ:

"20-9-331. Basic county tax and other revenues for county equalization of the elementary district foundation program. (1) It shall be the duty of the county commissioners of each county to levy an annual basic tax of 25 mills on the dollars of the taxable value of all taxable property within the county, excluding vehicles and light trucks with a GVW capacity of three-quarter ton or less, for the purposes of local and state foundation program support. The revenue to be collected from this levy shall be apportioned to the support of the foundation programs of the elementary school districts in the county and to the earmarked revenue fund, state equalization aid account, in the following manner:

(a) In order to determine the amount of revenue raised by this levy which is retained by the county, the sum of the estimated revenues identified in subsections (2)(a) through (2)(f) below shall be subtracted from the sum of the county elementary transportation obligation and the total of the foundation programs of all elementary districts of the county.

(b) If the basic levy of 25 mills produces more revenue than is required to finance the difference determined above, the county commissioners shall order the county treasurer to remit the surplus funds to the state treasurer for deposit to the earmarked revenue fund, state equalization aid account, not later than June 1 of the fiscal year for which the levy has been set.

(2) The proceeds realized from the county's portion of the levy prescribed by this section and the revenues from

1 the following sources shall be used for the equalization of
2 the elementary district foundation programs of the county as
3 prescribed in 20-9-334, and a separate accounting shall be
4 kept of such proceeds and revenues by the county treasurer
5 in accordance with 20-9-212(1):

6 (a) the portion of the federal forest reserve funds
7 distributed to a county and designated for the common school
8 fund under the provisions of 17-3-213;

9 (b) the portion of the federal Taylor Grazing Act
10 funds distributed to a county and designated for the common
11 school fund under the provisions of 17-3-222;

12 (c) the portion of the federal flood control act funds
13 distributed to a county and designated for expenditure for
14 the benefit of the county common schools under the
15 provisions of 17-3-232;

16 (d) all moneys which are paid into the county treasury
17 as a result of fines for violations of law and the use of
18 which is not otherwise specified by law;

19 (e) any money remaining at the end of the immediately
20 preceding school fiscal year in the county treasurer's
21 account for the various sources of revenue established or
22 referred to in this section; and

23 (f) any federal or state moneys distributed to the
24 county as payment in lieu of the property taxation
25 established by the county levy required by this section."

26 SECTION 5. SECTION 20-9-333, MCA, IS AMENDED TO READ:

27 "20-9-333. Basic special levy and other revenues for
28 county equalization of high school district foundation
29 program. (1) It shall be the duty of the county
30 commissioners of each county to levy an annual basic special

1 tax for high schools of 15 mills on the dollar of the
2 taxable value of all taxable property within the county,
3 excluding vehicles and light trucks with a GVW capacity of
4 three-quarter ton or less, for the purposes of local and
5 state foundation program support. The revenue to be
6 collected from this levy shall be apportioned to the support
7 of the foundation programs of high school districts in the
8 county and to the earmarked revenue fund, state equalization
9 aid account, in the following manner:

10 (a) In order to determine the amount of revenue raised
11 by this levy which is retained by the county, the estimated
12 revenues identified in subsections (2)(a) and (2)(b) below
13 shall be subtracted from the sum of the county's high school
14 tuition obligation and the total of the foundation programs
15 of all high school districts of the county.

16 (b) If the basic levy for 15 mills produces more
17 revenue than is required to finance the difference
18 determined above, the county commissioners shall order the
19 county treasurer to remit the surplus to the state treasurer
20 for deposit to the earmarked revenue fund, state
21 equalization aid account, not later than June 1 of the
22 fiscal year for which the levy has been set.

23 (2) The proceeds realized from the county's portion of
24 the levy prescribed in this section and the revenues from
25 the following sources shall be used for the equalization of
26 the high school district foundation programs of the county
27 as prescribed in 20-9-334, and a separate accounting shall
28 be kept of these proceeds by the county treasurer in
29 accordance with 20-9-212(1):

30 (a) any money remaining at the end of the immediately

1 preceding school fiscal year in the county treasurer's
2 account for deposit of the proceeds from the levy
3 established in this section; and

4 (b) any federal or state moneys distributed to the
5 county as a payment in lieu of the property taxation
6 established by the county levy required by this section."

7 SECTION 6. SECTION 20-9-343, MCA, IS AMENDED TO READ:

8 "20-9-343. Definition of and revenue for state
9 equalization aid. (1) As used in this title, the term "state
10 equalization aid" means those moneys deposited in the
11 earmarked revenue fund as required in this section plus any
12 legislative appropriation of moneys from other sources for
13 distribution to the public schools for the purpose of
14 equalization of the foundation program.

15 (2) The following shall be paid into the earmarked
16 revenue fund for state equalization aid to public schools of
17 the state:

18 (a) ~~25%~~ 28% of all moneys received from the collection
19 of income taxes under chapter 30 of Title 15;

20 (b) ~~25%~~ 28% of all moneys, except as provided in
21 15-31-702, received from the collection of corporation
22 license taxes under chapter 31 of Title 15, as provided by
23 15-1-501;

24 (c) 10% of the moneys received from the collection of
25 the severance tax on coal under chapter 35 of Title 15;

26 (d) 62 1/2% of the moneys received from the treasurer
27 of the United States as the state's shares of oil, gas, and
28 other mineral royalties under the federal Mineral Lands
29 Leasing Act, as amended;

30 (e) interest and income moneys described in 20-9-341

1 and 20-9-342;

2 (f) income from the local impact and education trust
3 fund account; and

4 (g) in addition to these revenues, the surplus
5 revenues collected by the counties for foundation program
6 support according to 20-9-331 and 20-9-333 shall be paid
7 into the same earmarked revenue fund."

8 SECTION 7. SECTION 1, CHAPTER 582, LAWS OF 1979, IS
9 AMENDED TO READ:

10 "Section 1. Tax levy for the university system. There
11 is levied upon the taxable value of all real and personal
12 property in the state of Montana, subject to taxation,
13 excluding vehicles and light trucks with a GVW capacity of
14 three-quarter ton or less, 6 mills or so much thereof as is
15 necessary to raise the amount appropriated by the
16 legislature from the earmarked revenue fund for the support,
17 maintenance, and improvement of the Montana university
18 system and other public educational institutions subject to
19 board of regents' supervision, as provided in referendum
20 measure No. 75 passed by vote of the people at the general
21 election held November 7, 1978; and the funds raised
22 therefrom shall be deposited in the earmarked revenue fund."